



nokian[®]
TYRES

Annual Report | 2016

Drive safely!

Our unique expertise creates the safest premium products and services for the everyday life. As a pioneer in the tyre industry, we want to be the best in everything we do!

The specialist in demanding conditions

Nokian Tyres is the world's northernmost tyre manufacturer. It promotes and facilitates safe driving in demanding conditions. Whether driving through a winter storm or heavy summer rain, our tyres offer reliability, performance, and peace of mind. We are the only tyre manufacturer to focus on products for demanding conditions and customer requirements.

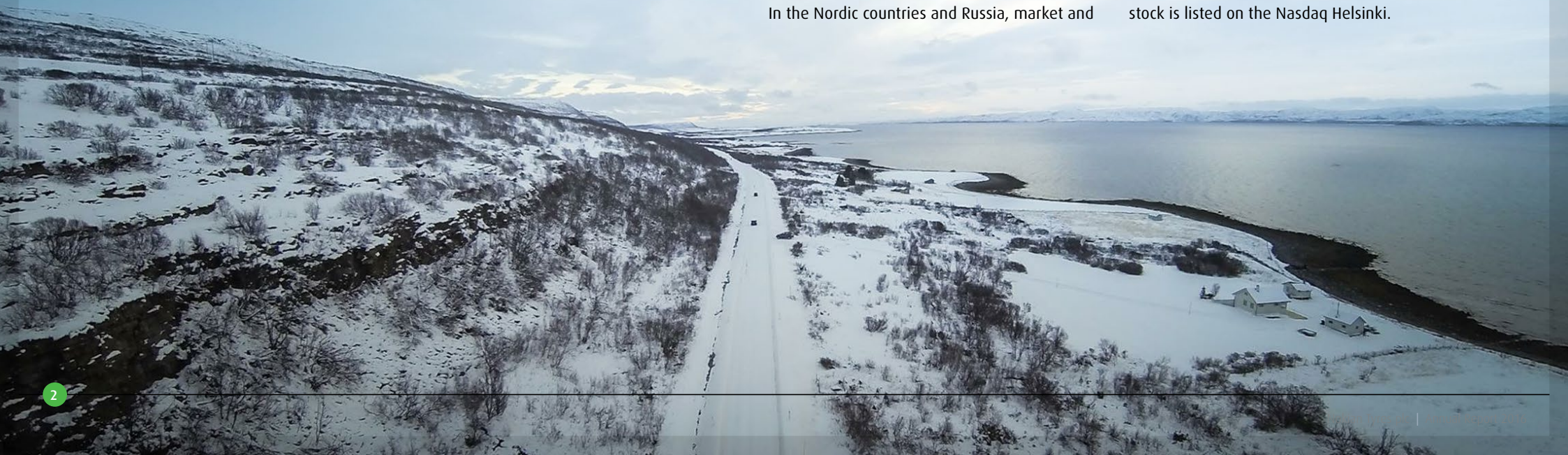
Innovative tyres for passenger cars, trucks, and heavy machinery are mainly marketed in areas with snow, forests and challenging driving conditions caused by varying seasons. We develop our products with the goals of sustainable safety and environmental friendliness throughout the product's entire life cycle.

Nokian Hakkapeliitta has been the leading brand of winter tyres for more than 80 years. In the Nordic countries and Russia, market and

price leadership derive from Nokian Tyres' key sources of competitive advantage: an image of quality based on innovations, state-of-the-art technology, decades of customer experience, a strong distributor network and logistical expertise.

Central Europe and North America are also important market areas in which we are seeking profitable growth. We mainly sell our products in the aftermarket. Nokian Tyres group includes the Vianor tyre retail chain with wholesale and retail business in Nokian Tyres' primary markets. Nokian Tyres has factories in Finland and Russia. In 2005–2016, we invested more than EUR 1 billion in our factories, whose productivity and product quality are top-notch in the industry.

In 2016, the company's Net sales were approximately EUR 1,4 billion, and it employed 4,400 people at the end of year. Nokian Tyres' stock is listed on the Nasdaq Helsinki.



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This report is a translation.

The original, which is in Finnish, is the authoritative version.





Key figures IFRS

EUR million	2016	2015	change%
Net sales	1,391.2	1,360.1	2.3
Operating profit	310.5	296.0	4.9
% of net sales	22.3	21.8	
Profit before tax	298.7	274.2	8.9
% of net sales	21.5	20.2	
Return on capital employed (ROI), %	19.9	20.3	
Return on equity (ROE), %	18.7	19.6	
Interest bearing net debt	-287.4	-209.7	-37.1
% of net sales	-20.7	-15.4	
Gross investments	105.6	101.7	3.8
% of net sales	7.6	7.5	
Net cash flow from operating activities	364.4	283.4	28.6
Earnings per share (EPS), EUR	1.87	1.80	3.6
Cash flow per share (CFPS), EUR	2.70	2.12	27.4
Shareholders equity per share, EUR	10.75	9.24	16.4
Equity ratio, %	73.8	70.8	
Personnel, average during the year	4,433	4,421	

Year 2016 in brief

Sales of forestry tyres were strong.

3,102 stores in Vianor, NAD and N-Tyre network.

SnapScan
new 3D tyre scanning technology.

Nokian tyres were sold in
63 countries.

Winter tyre share of sales

67%.

Our company donated

EUR **500,000**

to the personnel fund as thanks for the flexibility and efforts of the personnel.

Our flagship Hakkapeliitta

80 years.

More than **20,000** winter tyres are tested during the winter season.

The Nokian Hakkapeliitta R2 winter tyre won the **Tire Technology of the Year 2016** award.

New side wheelie world record

186.269 km/h
(115.742 mph).

Strong performance in challenging market environment.





President and CEO until December 31, 2016.

We delivered on our promise to grow faster than the market

DEAR READER,

Once again, our organization showed its strength in implementing our chosen strategy in 2016. Our profitability developed in an excellent manner. In Russia, we still had to make some bad debt provisions for a few clients, and their total value slightly exceeded the exceptionally high provisions in 2015. However, we were able to compensate for the bad debt provisions with a competitive product portfolio and excellent work from the sales organization, which also enabled a higher price position. In addition, productivity improvements combined with cost-effective production increased our profitability in a manner that allowed us to clearly retain our position as the most profitable company in the industry. Net sales growth for the full year was 2.3%, operating profit was up by 4.9% compared to the previous year, and the operating margin was excellent at 22.3%. At the same time, cash flow was even better than last year, which further strengthened our already very good balance sheet.

THE YEAR 2016

During the summer, the Russian market started showing weak positive signals that grew stronger toward the end of the year. Our clients were able to clear their large winter tyre inventories, in particular due to a winter season that started very well. We strengthened our market share especially in Russia and Central Europe and retained our market leadership in the Nordic countries. In Central Europe, we worked very

systematically in order to improve our brand awareness and the quality of our operations. Sales in North America were overshadowed by winter tyre inventories left over from the previous season. However, we were able to compensate for a large part of this by attracting new customers.

The year 2016 got off to a mixed start. In January, we reached a rare milestone at our Nokia location: a common agreement with the employee representatives and personnel in order to improve flexibility. In February, we explained how we corrected the mistakes made in our practices related to magazine testing. Exceptionally, I already reported on both of these matters in the President & CEO's report for last year.

Our performance on the market remained very good throughout the year. Our customer satisfaction rose to record levels during the year and we increased our global market share while, at the same time, also improving our price position. We also demonstrated increasing competitiveness in the summer and all season segments and, in particular, the tyre product families designed for North America and Central Europe. The share of summer tyres grew to 24% of our net sales. All in all, this must be considered a good performance. All of these achievements are also good examples of how we implemented our Must-Win roadmap in 2016. The world's best tyres are clearly backed by excellent teams in all our markets. This performance is also rewarding to our shareholders. In addition to the dividends made possible by our profitability

and good cash flow, the development of our share price has also clearly been among the best in the industry.

POSITIVE DEVELOPMENTS CONTINUED

Our distribution network continued to grow. During the year, 26 new Vianor outlets and 260 new NAD/N-Tyre outlets joined our distribution family. We already have presence in a total of 27 countries. The reduction of our network in Russia due to the poor economic situation somewhat slowed down the growth of the network. Our Vianor unit increased its net sales slightly in 2016 compared to the previous year. However, Vianor's profitability was reduced by price competition and write-offs from old ICT investment projects. We started closely monitoring Vianor's profitability already in 2016, and I am confident that we will manage to improve profitability in the nearest years.

Heavy Tyres had a mixed year. Growth in sales was affected by a price reduction resulting from lower raw material costs and weak demand in several important market segments. The forestry segment continued to grow, however. We were able to clearly improve profitability, and the sales of new products in particular developed well. Net sales and operating profit were practically equal to the previous year. In 2016, we focused on marketing, product development, logistics, and good customer service in this unit. I believe that these actions enable us to continue profitable growth even in this business area in 2017.

The agreement on working time flexibility and overall good performance allowed us to avoid new cost reductions and temporary lay-offs in 2016. However, the agreement is also demanding on our personnel: in addition to shift work, they will need to work additional days during some parts of the year. This decision improved the competitiveness of the Nokia factory, which was further supported by the local

competitiveness pact in December 2016. The company is planning to increase the production of passenger car tyres and heavy tyres in Nokia in 2017, and to increase the number of personnel working in Nokia on product development, among other things.

Nokian Tyres is a growth company and a high-value company. In 2016, our investments in marketing, sales, product development and customer service, and the general development of operations, among other things, clearly exceeded those in 2015. We did not achieve our results by cutting costs; rather, our growth was the result of continuous efforts and excellent work. We were able to keep the promise that we made in November 2015: that we would out-grow the market without compromising on an operating profit level of 22%.

WISHING YOU CONTINUED SUCCESS

I wish to thank all stakeholders for our successful work together. I am passing on a company that is passionate about safety and quality in everything that it does. I am proud of what we achieved together. Nokian Tyres is in great shape, and its success will continue in the future. I remain an enthusiastic Hakkapeliitta driver and a shareholder in the company. I would like to thank our loyal consumers, strong customers, and, of course, the real heroes of the 80-year Hakkapeliitta story: the personnel at Nokian Tyres.

Ari Lehtoranta

Andrei Pantioukhov

MBA Andrei Pantioukhov currently serves as the interim President and CEO of Nokian Tyres starting 1 January 2017. He continues also in his role as Nokian Tyres' General Manager, Russian operations. Mr. Andrei Pantioukhov has been in the Company since 2004, a member of the management since 2009 and Executive Vice President since the beginning of 2016.



Hakkapeliitta Way – Road to success

Our purpose is to provide our customers with the safest, highest-quality and most eco-friendly tyres as well as the best service in the industry. We want to be a tyre industry pioneer: the expert in safe tyres for demanding conditions, leader in key markets, most profitable tyre company in the world, top choice for our interest groups and a work community with a unique company culture.

Our strategic focus

We have revised our strategy in 2015 to better support our goals on the way forward. The strategy guides the choices that we make. Based on our values and strategy, we have determined a set of business goals and Must-Wins – the development targets that we must overcome in the near future in order to advance on the path to profitable growth.

Demanding conditions

As the northernmost tyre manufacturer in the world and an expert in challenging conditions, we promote and facilitate safe transport. In freezing blizzards or heavy summer rain, our tyres offer reliability, performance and peace of mind. We are the only tyre manufacturer that focuses on products and customer needs for demanding conditions.

Innovative core competence

We are focusing our core competence on a narrow product line, the replacement markets and three business areas: 1) passenger car, SUV and van tyres; 2) heavy special tyres and 3) tyre and car servicing. We develop and manufacture premium tyres whose unique innovations provide added value in different applications from forestry work to safe driving on highways.

1 2
3 4

The most satisfied customers

We want the users of our products and services, as well as our dealers, to be the most satisfied customers in the tyre industry. A committed and extensive distribution network and effective logistics help us ensure the good availability of our products throughout the peak season. The Vianor chain spearheads our distribution channels and its direct contact with consumers provides us with valuable information about the needs and wishes of the end customers.

Select markets

We are focusing on regions where the driving conditions are demanding due to the changing seasons. Our core markets are the Nordic countries and Russia, where we are the market leader in premium tyres. Central Europe and North America are other key markets for us in terms of profitable growth. We sell most of our tyres in the replacement markets.

Key strategic objectives

The focused strategy establishes clear goals that we work towards with determination.

Market leadership and the best processes in the industry

- We are the market leader in premium tyres in the Nordic countries and Russia.
- We have a strong market position in North America and Central Europe with our core products and with our special products internationally.
- We are the undisputed pioneer in winter tyre technology as well as the manufacturer of the best premium summer tyres and special tyres in the world.
- Our key processes and business networks are efficient and the best in the industry.

Profitable growth faster than the market

- Our annual growth exceeds that of the market.
- We continue to be the world's most profitable tyre company. Our operating profit will remain the best in the industry, at 22% at a minimum.
- We have an efficient organisation with sales growing faster than our fixed costs.

Satisfied stakeholders

- We offer the industry's best products and services that help people drive more safely and comfortably.
- We know our customers and their wants and needs.
- For shareholders, we offer stable dividends and a consistent dividend policy, as well as increased share value through profitable growth.
- We are a valued and desired employer.
- Our personnel are skilled and highly engaged people who want to further improve their personal competence as well as our company as a whole.

Must-Wins

– Key challenges to overcome

The group-level Must-Wins that support our goals are the key challenges that we must overcome in order to advance on the path to profitable growth.

Examples of year 2016 Must-Win activities

WE MUST:

1

FIRST CHOICE FOR CONSUMERS

Increasing consumer loyalty and satisfaction as well as our company and product awareness especially in growth areas.

- Remained clear #1 in consumer preference for winter tyres in Nordic countries and Russia. Improved preference in CE.
- Investments in visibility and consumer service in key markets
- Created several new online sites & social media channels and signed new sponsorship contracts
- The number of Nokian Tyres' social media followers doubled, and website visits grew by 20%

2

PREFERRED PARTNER FOR CUSTOMERS

Investing in long-term partnerships with customers based on mutual benefit. Improving the quality of all services.

- Significant investments in systems and processes to serve partners better and more consistently across channels
- Satisfaction surveys confirm Nokian Tyres enjoys very high Net Promoter Scores among partners
- Next generation B2B dealer online services concept defined and build initiated
- Pricing capabilities taken to next level to support growth globally

3

WORLD'S BEST TYRES & INCREASING NUMBER OF SERVICES

Solid flow of innovations and world's safest tyres. Growing portfolio of new services for sales support, distribution partners and consumers.

- Several strategically important products launched
 - Nokian zLine A/S, a premium UHP All-Season tyre for the North American market
 - Nokian Rockproof, a special tyre for professional applications globally
 - Nokian Hakka Blue 2, a premium high performance summer tyre for Nordic and Russia
- Announced a tyre test center project in Spain
- SnapScan, a groundbreaking tyre scanning service launched in parking garages in Helsinki, Finland

4

STRONG GROWTH IN CENTRAL EUROPE & NORTH AMERICA

Clear improvement in our brand recognition and market share. Gradual growth of our price position in Central Europe.

- North America
 - Completed Montreal warehouse investment
 - Added nationwide key accounts
- Central Europe
 - Successful product launches, and investments in sales and marketing

Values guide and support our strategy

Our company culture is called "Hakkapeliitta Spirit" which includes the following values:

ENTREPRENEURSHIP

We are quick and brave. We set ambitious objectives and perform our work with persistence and perseverance. We are dynamic and punctual, and we always make customer satisfaction our first priority.

INVENTIVENESS

We have the skill to survive and excel, even in the most challenging circumstances. Our competence is based on creativity and inquisitiveness, and the nerve to question the status quo, we have the desire to learn, develop and create new.

TEAM SPIRIT

We work in an atmosphere of action and genuine joy. We work as a team. We support and rely on each other and offer constructive feedback when needed. We embrace our differences and encourage our team members to individually pursue winning performances.

Global demand drivers

The annual value of tyres sales world-wide is approximately USD 160 billion. In recent years, the strongest growth has been in the markets for high-speed summer tyres and SUV tyres. Demand is growing most rapidly in Asia, and Asian manufacturers are claiming an increasing share of the global tyre market. Sales of car tyres to consumers are affected by sales of new cars, purchasing power trends, and overall consumer confidence. For winter tyres, weather conditions also play a role: in more wintry, slippery conditions, there is greater need for new winter tyres. Demand for heavy-duty tyres and truck tyres is cyclical, following trends in machinery manufacturing and the willingness of companies to invest.



Tyres differ – as do their prices

The passenger car tyres on the market are divided into two or three segments by their price depending on the market. The manufacturers of premium or segment A tyres emphasize the improved road safety, comfort, environmental aspects and overall economy of choosing higher-quality products. B and C segment tyres are manufactured for consumers who are

only looking for the lowest purchase price. Distributors typically offer their customers alternatives from all the price ranges.

The regional market leader in tyre brands is usually also the price leader. The reputation of the products, based on dozens of years of customer experiences, and the fluency and reliability of distribution increase pricing power.

The season tests the functionality of the logistics

One special characteristic of Nokian Tyres' core market is that the sales of passenger car tyres are strongly built around two seasons. We sell most of our summer tyres to consumers a few weeks before and after Easter. Consumer sales of winter tyres peak between September and November depending on the weather conditions: some 30% of the winter tyres are sold in the first 10 days after the first snowfall. Predicting sales and production several

months in advance is a demanding task, as tyre manufacturers typically offer at least one thousand different combinations of tyre models and sizes. Our extensive distribution network and effective logistics and information systems play a key role during the busy peak seasons. In practice, the seasonal nature of the operations also forces manufacturers to offer long payment terms for their distribution network.

Profitability is based on capacity utilization and the cost structure of operations

Due to logistics and commercial reasons, tyre manufacturers often establish local factories in their most significant markets. Payroll and energy costs vary by country but raw material costs are generally on the same level globally. Our most important raw materials include natural rubber, synthetic rubber, filler substances (such as carbon black), cord plies and cables, and

various chemicals.

As tyre manufacturers have high fixed costs, profitability requires optimal utilization of the full production capacity while minimizing interruptions. For tyre manufacturers, continuous improvement of profitability through investments and process developments is a prerequisite for success.

Digitalization is revolutionizing services and distribution

The increase in the share of hybrids and electric vehicles creates demand for even lighter and more fuel-efficient tyres. Digitalization makes cars smarter and more integrated with data networks; tyres and their related services must also be able to utilize these new opportunities.

Consumers are making more and more purchase decisions online. The share of

online sales is increasing, but physical sales outlets have retained their position due to the changing service required for the products. Pricing will become more transparent and distributors will maintain even smaller stocks. The structural change at the distribution will result in fewer middle-men.

Sales distribution heading toward a regional balance

NORDIC COUNTRIES

Number one in the home market

Every year, approximately 10 million car and van tyres are sold in Finland, Sweden, and Norway. Approximately 6 million of these are winter tyres. Legislation in these countries mandates the use of winter tyres during the winter months. The Nordic countries

accounted for approximately 43% of Nokian Tyres' sales in 2016. The company is the market and price leader in the area. Nokian Tyres is the only local manufacturer and it has an extensive distribution network, including its own chain of 348 Vianor tyre outlets.

CENTRAL EUROPE

Growth through additional investments

On European markets, excluding the Nordic countries, approximately 260 million car and van tyres were sold in 2016. Central Europe is the world's largest market area for winter tyres – 11 times the size of the Nordic market. Approximately 71 million winter tyres were sold in 2016.

As tyre markets are expanding and winter tyre legislation is becoming more widespread, Central Europe has become one of Nokian Tyres' most important growth areas. Nokian Tyres tailors its tyres to address the needs of consumers in different market areas. The non-studded winter tyres designed for the winter conditions of Central and Eastern Europe and the summer tyres that are sold in

the area differ clearly from the products sold by the company in its core markets. The company sells tyres in more than 30 European countries in addition to the Nordic countries, Russia, and the C.I.S. Central Europe accounted for approximately 29% of Nokian Tyres' sales in 2016.

The company has logistics and service centers in the area to serve the main markets at any time of the day. Growth in the retail channel was led by Vianor, which had a network of 382 outlets in the area at the end of 2016. The Nokian Tyres Authorized Dealer (NAD) network encompassed 1,481 stores in 19 European countries and in China.



RUSSIA

We grew our market share significantly in Russia in 2016

An estimated 1.4 million new cars and 32 million car and van tyres were sold in replacement market in Russia in 2016. Tyre demand in Russia is affected, among other things, by GDP development, which follows the price of oil, buying power and consumer trust. Russia was the largest contributor to sales growth toward the end of 2016. The Russian economy and consumer market continued to slowly stabilize.

The winter tyre season started early and continued strongly in Russia, as well as in Central Europe, and also the Nordic countries. We grew our market share in our target areas, especially in Russia and Central Europe. In Russia, consumer trust and buying power continued to slowly improve, but still remained at low

levels. The sales of new cars in Russia continued to decline in 2016: the entire year was down by 11% compared with the previous year. In 2017, new car sales are expected to grow by 5–10% compared to 2016. Deliveries to the after-sales market in Russia declined by approximately 5% in 2016.

Nokian Tyres is the market leader and largest manufacturer of segment A and B tyres in Russia. Nokian Tyres has an extensive distribution network in Russia, and the location of our factory behind Russian tariff borders, the strength of our brands, and the distribution network provide the Company with a substantial competitive advantage.

NORTH AMERICA

All-Season tyres have large potential

In North America, Nokian Tyres' strongest areas are Canada and the US snowbelt region. Approximately 13 million winter tyres are sold each year in these regions. A total of nearly 260 million tyres are sold annually in the US and Canada.

Nokian Tyres is a traditionally strong winter tyre

brand in the northern parts of the continent. The company is building its distribution with strategically selected partners. Furthermore, the Vianor chain has 81 tyre outlets in New England. Nokian Tyres aims to expand its product offerings further and to continue to grow its sales in North America.



Nokian tyres were sold in

63

countries

Russia, Finland, Germany, Sweden and Norway made up

68%

of sales

Vianor

1,501

stores in 27 countries

Sales and distribution

Target markets

In 2016, Nokian tyres were sold in 63 countries. Russia, Finland, Germany, Sweden, and Norway made up 68% of our product sales.

Nokian Tyres Authorized Dealers

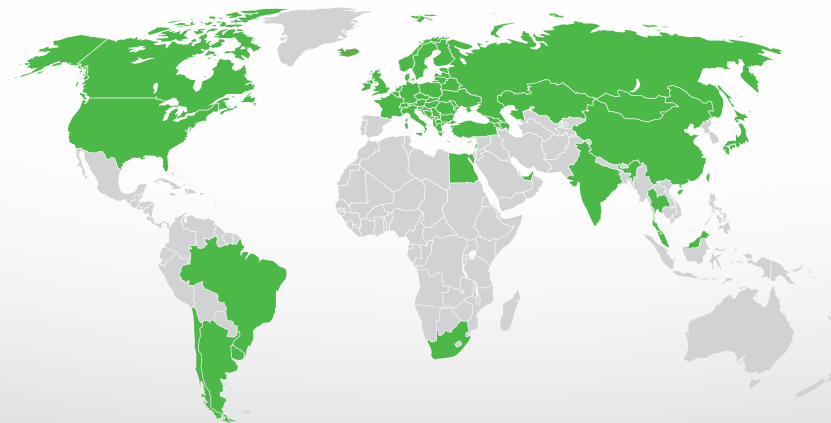
Our Nokian Tyres Authorized Dealer (NAD) partner network grew by 242 contracts and now totals 1,481 locations in 19 Central European countries and China.

Vianor

A total of 1,501 outlets in 27 countries (212 own outlets and 1,289 franchising and partner outlets). 383 outlets in the Nordic and Baltic countries, 655 in Russia and the CIS countries, 382 in Central and Eastern Europe, and 81 in the United States.

Russia

The Hakka Guarantee retailers and other retail partners who work closely with Nokian Tyres in Russia form a wide network including tyre retailers, Vianor outlets, car dealerships, and online stores. Furthermore, our N-Tyre partner network comprises 120 outlets in Russia and CIS countries.



Vianor



Trouble-free and safe driving



Vianor is a chain that is specialized in car maintenance and tyre services that has a network of 1,501 locations in 27 countries. Our strength is our expertise in challenging driving conditions which stems from our Nordic roots. Most of our locations are in the Nordic countries, Russia, and Eastern Europe. We also have locations in Central Europe and the East Coast of the United States.

Our retail store chain and online stores serve both retail and corporate customers. For corporate customers, Vianor has also developed digital services for fleet and tyre management which allow customers to boost their business.

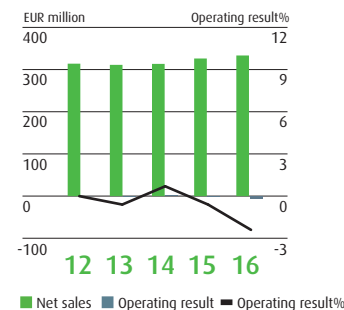
The tyre product selection covers all sorts of tyres for passenger cars, vans, and trucks as well as heavy specialist machinery. In addition to Nokian Tyres'

products, Vianor also represents and sells many other tyre brands. In addition to tyres and tyre-related services, Vianor offers car maintenance services to all of its customer groups; these form an increasingly important part of Vianor's services. Customers find it practical that all of the services related to driving are all available under the same roof.

Vianor is a growing services company that differentiates itself from competitors by offering a comprehensive selection of products and services for consumers and companies as well as continuously developing digital services and a comprehensive service network. Vianor aims to be a partner that enables all of its customers to drive effortlessly and safely – and enjoy the friendliest service.

VIANOR

Net sales, Operating result and Operating result%



	2012	2013	2014	2015	2016
Net sales	315.3	312.5	314.8	327.6	334.8
Operating result	0.0	-1.8	2.1	-1.9	-8.1*
Operating result%	0.0	-0.6	0.7	-0.6	-2.4*

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

Services as part of a high-quality customer experience

The sales of premium tyres with state-of-the-art technology are supported by services that benefit the consumers. Nokian Tyres' service development ensures that the company stands out from and moves ahead of its competition by offering a wide range of added value services. Functional services

support sales and offer genuine added value to the consumers. Good service can exceed expectations even when a driver has had a bad day. For over 10 years, Hakka Guarantee has been offering peace of mind and valuable benefits in case of sudden tyre problems on Nokian Tyres' core markets.



Heidi found safe tyres and emergency assistance from Nokian Tyres

Heidi Saari had no previous experience with Nokian Tyres' products before the spring of 2016. She chose summer tyres from the Nokian Hakka range on the basis of an online comparison test.

When Heidi purchased the tyres, activating the Hakka Guarantee was recommended to her.

An immediately useful Hakka Guarantee

– Activating the Hakka Guarantee was easy! The tyre shop sent me an activation link and then I activated the service and saved the number on my phone. Naturally, the Hakka Guarantee felt very good – in addition to the tyres, I got a feeling of security, Heidi says.

Heidi even got to test the service soon after its activation. She was in a hurry to get home from work in order to take the dogs out before a parents' evening at school, when the tyre pressure indicator lit up while driving.

– I called the Hakka Guarantee hotline and they looked up

the address of the nearest tyre shop. They offered to tow the car, but the tyre was not completely flat so I could drive to the nearest Vianor. The shop was closing, but Hakka Guarantee had notified them that I was coming. I left the car there and took a taxi to pick up a rental car.

– The service worked well. It was free of charge and they will even refund the taxi cost to me as soon as I remember to send in the receipt. I was only an hour late from my own schedule – a small delay in a case like this, Heidi says.

"I absolutely recommend this!"

With the Hakka Guarantee, Heidi now feels safe when driving around Finland or even in Sweden, where the Hakka Guarantee also works.

– When I feel that I have received good service, I will always tell my friends and acquaintances. If one of my friends were looking for new tyres, I would surely mention Hakka Guarantee.

Services boost sales in Central Europe

Central European consumers who purchase their tyres through the Nokian Tyres Authorized Dealers network can benefit from the additional services offered through the network. Aramid Guarantee is a warranty for SUV tyres with reinforced sidewalls that replaces a broken tyre with a new one free of charge. The Satisfaction Promise service is used to support authorized dealers in growth markets where Nokian Tyres continuously focuses on increasing brand awareness and demand. The Satisfaction Promise allows consumers to try a new tyre brand and to return and replace the tyres with no installation costs.



Better brand awareness, reputation, and sales

Nokian Tyres' marketing aims to develop the sales and profitable growth of the company's products. The quality of marketing for a premium brand must be as high as the quality of the products. Furthermore, the aim is to nurture and grow our reputation as the developer of the world's safest tyres, a pioneer in the industry and its most sustainable actor. In all of our actions, we want to engage our stakeholders which are the most important drivers of profitable growth: customers, personnel, and investors.

In 2016, marketing set out to implement the strategic changes that had been defined during the previous year. During the next three years, the focus of marketing will be to support the main strategic goals: reinforcing market leadership in premium tyres in the Nordic

countries and Russia, building a strong market position in new growth areas in North America and Central Europe, seeking to grow faster than the market, and aiming toward a deeper understanding of the customer's needs and wishes.



Top consumer choice

In order to achieve a strong market position in Central Europe and North America, Nokian Tyres needs to strongly increase the awareness of the company and its tyre brands among local car owners. Brand awareness was increased by means of additional marketing, especially in the digital channels. The number of new followers in the social media services grew significantly during the year.

Our effective PR partnership network, which expanded during the year, allowed for a wider distribution of press releases and articles, which in turn resulted in more people seeing them. For example, the world record for the fastest side wheelie created an enormous amount of earned media coverage, that is, visibility without any paid advertising.

In the long term, brand value and desirability will be increased by focusing on consumer research and improving the customer experience across all points of contact. This also supports Nokian Tyres' goal of developing into a company with the highest customer satisfaction and loyalty in the industry.

Number one partner for customer companies

The sale of Nokian Tyres branded tyres must be important for our distributor customers' business in order to make them willing and well prepared to support and build the Nokian Tyres brand. Continuously developing sales support materials, unique launch events, new digital services and product and sales training ensure, for their part, that Nokian Tyres' products and services are also attractive for retailers. Nokian Tyres also supports its key customers' business by implementing common promotions and marketing campaigns.

80th anniversary of the Nokian Hakkapeliitta

Nokian Tyres' best-known and most valued product brand, the Nokian Hakkapeliitta winter tyre, celebrated its 80th birthday in 2016. To celebrate the anniversary, 80 new tyre sets were raffled among customers in the Nordic countries. The raffle was a visible part of the fall advertising campaign, and a large number of drivers entered to win the prizes. In Russia, the tallest building in St. Petersburg was turned into a spectacular billboard for the anniversary. The walls of the building came to life with projected video images that delighted the residents for three weeks. The world's largest tyre – a tyre-shaped hot air balloon – was also purchased in honor of the anniversary. The tyre balloon was first introduced to the public and media in Nokia, the home of the Hakkapeliitta, and it quickly became a hit among the spectators. The hot air balloon tyre will be used as a giant outdoor advertisement all around the world during 2017.





Good HR management supports well-being and improves our results

Good management and supervisor work promote the competence development, well-being, and equal treatment of our motivated and professional staff. The management that aims at top results is based on our strong Hakkapeliitta culture, which is built around entrepreneurship, working together and innovativeness.

The goal of HR management is to create an effective and functional work community. In 2016, we developed our procedures in several areas of HR management and safety.

In our company, the need to develop the everyday leadership processes and practices always arises from a business perspective. Our key focus areas at the moment are building a safety culture, developing management and promoting employee well-being.

Safety – go home healthy every day

We are carrying out long-term work in order to further develop our safety culture. In 2016, we achieved good results in occupational safety and took positive leaps forward in many areas of safety. For example, the number of accidents fell by 26% and the reporting of near misses and safety observations improved. The use of personal protective

equipment was also emphasized further, and special attention was paid to the safety of production equipment. We are continuing our work toward improving a holistic safety culture by increasing training, communication, and the development of working practices. In the long term, we are aiming at zero accidents.

Management – good supervisor work is key

In 2016, we introduced the principles of leadership to supervisors in all our units with the Hakkapeliitta Leader game we developed. Developing the company's leadership culture on the basis of our strong Hakkapeliitta culture guides our personnel development and

training as well as performance management and recruiting. We also applied the leadership principles in the 360 survey. Our aim is an internationally unified leadership culture that supports the objectives of profitable growth and improves personnel well-being.

Employee well-being – an individual and shared experience

We listen to our personnel and identify areas for improvement in employee well-being as well as other aspects with the annual Drive! personnel survey, whose main goal is to improve the commitment of our personnel. The survey concept is built around engagement, which indicates the employees' attitude toward our organization and the values it represents. It also incorporates our leadership principles because supervisor work and the way we lead people have a significant role in improving well-being at work.

With a nearly 90% response rate in 2016, our

Drive! personnel survey gives a comprehensive overview of the positive things and development needs in our individual units as well as the group as a whole. In our group-level action plan, one common denominator was internationalization – enabling truly consistent operations in various aspects. In addition, each unit prepares its own action plan that aims at comprehensively improving operations.

We want to improve employee well-being at our different units and support personnel development by using internal job rotation, on-the-job learning and training solutions.



The internal entrepreneurship, collaborative understanding, and activity among our personnel all serve to support competence development, profitable growth, and strategic implementation. In our company, everyone has an opportunity for further growth and personal development.

Read more about personnel development and well-being in our sustainability report for 2016.

www.nokiantyres.com/sustainability-report-2016

Nokian Passenger Car Tyres

Safe driving regardless of conditions

Passenger Car Tyres unit develops, manufactures and markets summer and winter tyres for cars, distribution vehicles, and SUVs. The main products are studded and non-studded winter tyres and SUV tyres, which represent the fastest-growing, most expensive product segment. The company's most important brands are Nokian Hakkapeliitta, Nokian Hakka, Nokian

Nordman, and Nokian WR. Tyre products are developed primarily in Finland. Tyres are manufactured at the company's own plants in Nokia, Finland, and Vsevolozhsk, Russia, to be sold in the aftermarket. Nokian Tyres is the market and price leader in the Nordic countries, Russia, and the CIS, and it is growing in the premium markets in Central Europe and North America.



Good performance especially in Europe and Russia

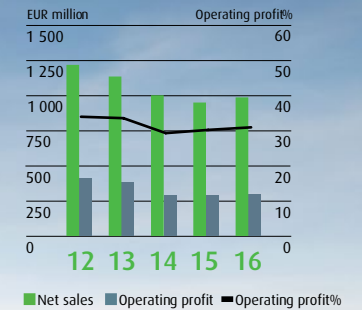
Nokian Passenger Car Tyres net sales and operating profit increased slightly during 2016, mainly due to the increased sales in Other Europe. The winter season was good, especially in Other Europe, the Nordic countries and Russia. Nokian Tyres succeeded in the winter tyre tests once again. Nokian Hakkapeliitta R2 winter tyre won The Tire Technology of the Year 2016 award. A flow of product launches with new innovations – improving safety, comfort and eco-friendly driving – continued.

For example, the Nokian Hakka Blue 2 summer tyre, Nokian Rockproof – a strong special tyre, and Nokian zLine all season were introduced.

Using shift arrangements, the annual production capacity of the factories in Finland and Russia was more than 20 million tyres. In 2016, the capacity was up compared earlier year and the production volume (pcs) increased by 5%. Productivity (kg/mh) improved by 3% in comparison with the previous year. In 2016, 86% (81%) of Nokian’s passenger car tyres (pcs) were manufactured at the plant in Russia.

NOKIAN PASSENGER CAR TYRES

Net sales, Operating profit and Operating profit%



	2012	2013	2014	2015	2016
Net sales	1,220.1	1,137.0	1,003.2	951.5	981.1
Operating profit	410.8	378.5	292.2	285.5	305.8
Operating profit%	33.7	33.3	29.1	30.0	31.2

The Nokian Hakkapeliitta is a pioneer in tyre technology and safety

The Nokian Hakkapeliitta's 80-year journey for better winter tyre technology has included hundreds of innovations and incredible world records. Nokian Tyres is the world's northernmost winter tyre manufacturer, whose winter tyres bring safety to challenging winter conditions everywhere. Its mission still remains the same: more safety, more peace of mind.

The history of Nokian Tyres started over one hundred years ago, when Suomen Gummitehdas Osakeyhtiö was founded in Helsinki in 1898.

The world's first winter tyre, the Kelirengas, was invented in Finland in 1934, and the grooved tread helped trucks take on the winter conditions.

The revolutionary invention eliminated the need for snow chains for keeping the vehicle on the road. The winter tyre proved to be such a great invention that Suomen Gummitehdas, the company known today as Nokian Tyres, also developed the first winter tyre for passenger cars in 1936.

The new tyre was called the "Lumi-Hakkapeliitta" (Snow Hakkapeliitta), and it paved the way for the future of the Nokian Hakkapeliitta winter tyres. The tyre was named after the legendary Finnish cavalymen, the Hakkapeliittas.

The Nokian Hakkapeliitta product family includes studded and non-studded winter tyres for passenger cars, vans and SUVs, which is the fastest growing product segment in the tyre market. The company has also developed specialised products for trucks, wheel loaders and tractors.

After the Second World War, the production volume of the Nokian Hakkapeliitta tyres was 20,000 units per year but, today, we estimate that more than 700 million winter tyres help drivers reach their destination safely under winter conditions.



Nokian Hakkapeliitta print ad from 1940's.

**NOKIAN
"KELIRENGAS"**



linja- ja kuorma-autoille

„Kelirengas“ on uusi kotimainen talvirengas. Se vetää pehmeässäkin lumessa, sillä sen uriin ei lumi tartu. Kulutuspinnoissa olevat imukupit näet kiinnittävät renkaan myös kovaan ja liukkaaseen alustaan, estäen luistoa. Jarrutus tulee tehokkaaksi – kaarteet ja köynnökset onnistuvat ilman sivuistoa.

Henkilöautojen vastaavaa renkasta kutsutaan Nokian „Hakkapeliitaksi“.

**Lumiteillä –
kotimaiset talvirenkaat**

NOKIA



Trucks in front of the Nokian-factory in 1950's.

1932 Car tyre production starts.

1934 "Kelirengas", the first winter tyre in the world.

BIRTHPLACE AT GUMMITEHDAS

1920's

HAKKAPELIITTA IS BORN

1930's

MILITARY SERVICE

1940's



Treading in 1946.
Pekka Vilma operating the machine.



New company Volvos at speed on the Nokia test track in the beginning of the 1970s.



1995 Nokian Eco Stud System non-studded choice.

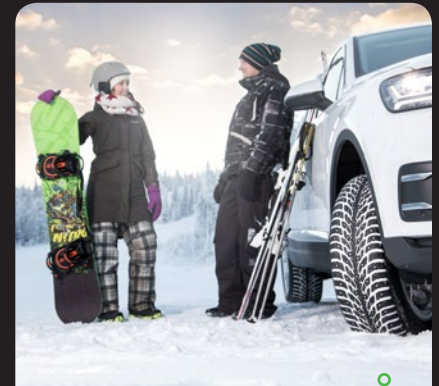


2013 Fastest on ice. World record for the fastest car on ice, 335.713 km/h (208.602 mph) and Nokian Hakkapeliitta 8.

2014 The world's first non-studded winter tyre with studs. Nokian Hakkapeliitta concept tyre.



2016 Nokian Hakkapeliitta R2. The most energy efficient winter tyre model in the automotive industry. Tire Technology of the Year 2016 price. 80th anniversary of the Nokian Hakkapeliitta. Born, raised and tested in the north.



2017 New generation studded winter tyres Nokian Hakkapeliitta 9 and Hakkapeliitta 9 SUV.

1936 *80* 2016
Hakkapeliitta

HAKA-HAKKAPELIITTA AND THE AGE OF THE AUTOMOBILE
1950's

TRIUMPH OF THE RADIAL TYRE
1960's and 1970's

SUCCESS IN TESTS
1970's

SPECIALISATION AND GREEN CHOICES
1980's

CHAMPION OF DEMANDING WINTER WEATHER
1990's

SAFETY PIONEER
2000's

Nokian Heavy Tyres

The world's only manufacturer specialized in tyres for Northern conditions successfully rose to the challenges of 2016.

Forestry as the driving force for the year

Nokian Heavy Tyres, which focuses on special tyres for the heavy industry, concentrated its efforts on the forestry market in 2016. The new Nokian Logger King, designed for forestry machines, increased its sales within the product group due to a successful launch tour, among other things. At the same time, Nokian Heavy Tyres was able to rise to the challenges of the market in truck tyres and agricultural tyres.

Hail to the King

The year's most important new product was the Nokian Logger King forestry tyre, especially designed for large machines and harsh conditions. The launch tour for the tyre started in Australia in the spring, continued in Europe during the summer and ended in North America in the fall. The unique Nokian Logger King stirred up interest with its durable structure and practical characteristics, and the tour increased its sales by over 25%.

The second product introduction of the year was the Nokian Hakkapeliitta Loader, designed for use on wheel loaders. This tyre is suitable for all-year use, and it offers excellent grip especially on snow and ice.

Considered responses

For truck tyres, the past year was challenging due to the difficult market situation. Nokian Heavy Tyres reacted to the market challenge by means of a marketing renewal where a purposeful marketing concept with a fresh point of view was created across the entire truck tyre range.

For agricultural tyres, the challenges were even more formidable in 2016, since the whole agricultural market suffered decreasing demand and the pricing environment was really challenging.

Nokian Heavy Tyres continued investing in product development. In January 2017, four new CT tyres were introduced. Nokian CT tyres are specifically designed for heavy agricultural and earth-moving work.

Agricultural tyres from Nokian Heavy Tyres are among the highest-quality and most appreciated tyres in the market.

New areas

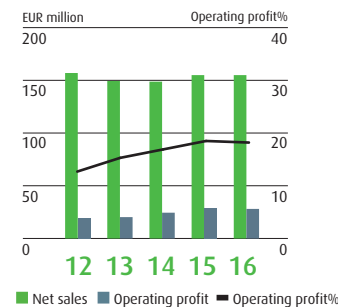
Distribution network development continued in 2016 with high focus on Central European areas, especially Germany and France. Europe is area of high sales potential, and it is also seeing major changes. Operational changes were also made in the Iberian peninsula and Balkan countries. One highlight of the year was Nokian Heavy Tyres' new distributor in Australia that boosted sales significantly in the area.

In the Nordic countries, sales have remained stable except for the challenges on the truck tyres side. In North America, however, the development has been excellent, and this market in particular has been very successful in the forestry products.



NOKIAN HEAVY TYRES

Net sales, Operating profit and Operating profit%



	2012	2013	2014	2015	2016
Net sales	157.3	149.7	149.1	155.3	155.3
Operating profit	19.9	20.4	24.6	28.7	28.2
Operating profit%	12.7	13.6	16.5	18.5	18.2

Northern know-how

The relentless product development and versatile competence in testing create patented solutions that improve safety, driving comfort, and eco-friendliness.

Advanced R&D

The unique product development of the world's northernmost tyre manufacturer is based on know-how accumulated during over 80 years in the business and a constant search for better solutions. The quality, durability, and eco-friendliness of our products are based on careful research, structural development, and testing. The high-quality product development processes utilize the latest technologies and innovative materials in the industry, which can be seen and felt in the everyday lives of drivers and contractors as improved safety and efficiency.

The consumer experience is key

The development efforts carefully address the requests and needs of the consumers. The world's safest products are based on several years of development and testing under genuine and varying operating environments, allowing drivers to move from place to place in a reliable, comfortable, and fuel-efficient manner. The development of an entirely new passenger car tyre typically lasts from 2 to 4 years; the same is true for heavy special tyres.

Long-term development work towards improving the products will also continue when the tyre is already on the market. The tyre is being developed during the entire life cycle of the product on the basis of user feedback as well as in-house testing.

Sustainable safety

The relentless development is guided by the principle of sustainable safety: the characteristics of a tyre need to remain virtually unchanged throughout the life cycle of the product. Sustainable safety also includes developing eco-friendly products and production technologies.

State-of-the-art laboratory equipment and testing machines allow for an effective comparison of the characteristics of rubber compounds, tread patterns, and tyre structures. A high-quality tyre consists of several different structural solutions, technical innovations, and rubber compounds, all of which have a specific task.

An example of this is the Performance Functional Siping technology, which ensures safe handling on winter roads by assigning a separate, computer-optimized role to each area, tread block, and sipe of the tread pattern.

The Aramid fiber used in the sidewall compound for SUV tyres reinforces the tyre sidewall in order to better withstand impacts and cuts.

More than 80% of a tyre's carbon footprint is generated during its use. Using natural materials and developing eco-friendly products that reduce fuel consumption, noise, and harmful emissions are important aspects of our R&D operations now and especially in the future. If we look at driving 20 years from now, we will see revolutionary, smart traffic technology, self-driving electric cars, and tyres made from bio-based materials. We are already using renewable raw materials, including canola oil and pine oil, because canola oil, for instance, improves the rubber compound's durability and grip on ice.

Combining safety with driving comfort while also cutting fuel costs is a challenging task. In an optimal situation, premium tyres can save up to 0.6 liters of fuel per 100 km or increase an electric car's range by dozens of kilometers.

Tailored with precision

Nokian Tyres offers a comprehensive selection of safe tyres that are successful in tests all over the world as well as additional services that make life easier for the consumers. The high-quality products are carefully developed for different markets and different demanding locations.

Close cooperation with car manufacturers ensures that the products utilize the latest technology in an optimal manner. More than 20 quality brands have selected Nokian Tyres' products in their winter tyre program. Testing collaboration with contractors plays a key role in the development of special tyres. Product development carefully follows the movements and changes of consumer needs and tries to anticipate the users' wishes. We also renew our comprehensive product range quickly: new products make up at least 25% of our annual net sales. New products help the company to strengthen its position and maintain the desired pricing and profit margins in a highly competitive market. We spend more than half of our R&D resources on testing our products.



TYRES OF THE FUTURE

Smart technology and bio-based materials

In the future, cars will be connected to a larger traffic system around them. The development of the Internet of Things can be seen in the interaction between cars and different systems.

Sensor technology in the tyres will allow the driver to anticipate changes in the road surface and weather conditions 15–20 kilometers ahead. In practice, the cars' computer systems could analyze this data faster and more comprehensively than the driver.

2036 will mark the 100th anniversary of the first winter tyre for passenger cars, the Nokian Hakkapeliitta. What kinds of tyres will we be using in the future?

// In the future, we could have eco-friendly tyres that are made with completely bio-based materials and equipped with sensor technology. They could collect data that could then be used in networked, self-driving or robot assisted cars. By 2036, relentless product development will also have given rise to substantial innovations in the field of rolling resistance."

– Juha Pirhonen,
Vice President of Research
and Development





The Nokian Hakkapeliitta R2 winter tyre receives

The Tire Technology of the Year 2016 award

Successful product development was recognized internationally when the new Nokian Hakkapeliitta R2 winter tyre won the esteemed Tire Technology of the Year 2016 award. The new Nokian Hakkapeliitta R2 is a genuine winter tyre designed for BMW's i3 electric car, and it combines extremely low rolling resistance, first-class grip, and exceptional driving comfort.

The new tyre model's size is 155/70R19 88Q XL. This modern introduction to the Nokian Hakkapeliitta family is intended for electric cars and hybrids, and it represents future technology. It is the world's first winter tyre with an A energy rating, the best in the EU tyre label. Tests indicate that the Nokian Hakkapeliitta R2 offers electric car drivers up to 30% lower rolling resistance.



Aramid Sidewall technology and new side wheelie world record 186,269 km/h (115.742 mph)



“The Aramid fiber added to the sidewall rubber compound strengthens the sidewall and gives it substantially better tear strength. We need to try new things and test our limits. Only this will allow us to develop safer, more durable tyres in the future.”

– Matti Morri, Technical Customer Service Manager for Nokian Tyres



The new extreme world record was set when Nokian Tyres’ product development, Vianor’s professional pit crew, and stunt driver Vesa Kivimäki combined their strengths. The tyres on the record-breaking car had been reinforced with Aramid Sidewall technology. The secret behind Aramid Sidewall technology is the extremely strong aramid fiber that is also used in the aviation and defense industries. The technology is utilized in all of Nokian Tyres’ latest SUV tyres.



Testing at the extremes, around the world



In addition to laboratory conditions, all of the company's high-quality products are tested under authentic conditions around the world. Starting from the early stages of development, tyres are tested in authentic environments in order to ensure flawless performance under difficult, demanding, and varying conditions.

Each year, test drivers cover hundreds of thousands of kilometers while feeling, sensing, and evaluating. Testing requires extreme professional competence, precision, and thousands of repetitions.

In order to achieve comprehensive results, comparison tests are run in the company's own test centers in Ivalo and Nokia, as well as on other test tracks. The Ivalo Testing Center "White Hell" is used to develop winter tyres that consumers around the world can rely on. In addition to versatile opportunities

for testing tyres on dry and wet surfaces, the Nokia testing center offers flexible and unique conditions for utilizing high-speed photography, for example.

The results are used to guide further R&D efforts until only the best performing tyre remains, tailored for specific conditions. In addition to our own tests, taxi businesses from the Nordic countries and Central Europe also take part in durability testing and the development of new tyre models.

The company is boosting its year-round product development by opening a versatile testing center for summer and winter tyres in Spain. In the future, the modern technology center will be used for testing summer tyres with a high speed rating, but it will also be used for testing the characteristics of winter tyres.

Continuous renewal

Continuous investments in new products, versatile testing, and advanced instruments enable the company to develop test-winning products with unique innovations year after year. New equipment investments towards developing the fuel efficiency and durability of tyres have expedited the introduction of new products.

Intensive laboratory and field testing as well as a thorough understanding of the seasons and all the elements and characteristics of our products all work to serve the ultimate goal of product development – road safety.

One significant decision that will simplify the tyre choice for Nordic consumers is the ice grip label that is currently being standardized. Nokian Tyres has also participated in the development of the ice grip test that the label is based on.

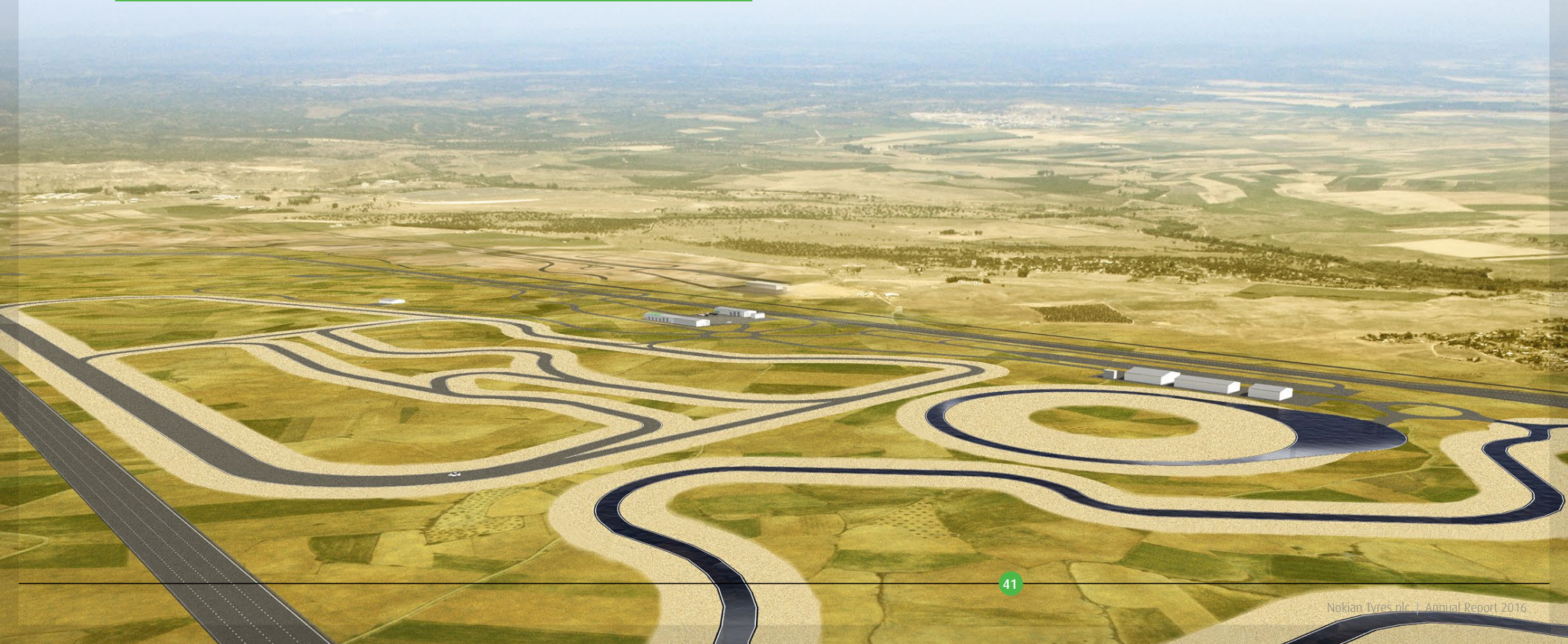
New testing and technology center in Spain strengthens summer tyre expertise

Nokian Tyres plans to open a new, versatile testing and technology center for summer and winter tyres in Santa Cruz de la Zarza, Spain. The testing center in Spain allows for year-round product development and testing on challenging and varying tracks. This modern technology center will be located south of Madrid and it will span approximately 300 hectares. In the future, it will be used for testing summer tyres with high speed ratings as well as the characteristics of winter tyres.

The technology center utilizes state-of-the-art technology and will include, for

example, a 5-kilometer oval track that circles the area. This oval track with banked curves enables us to test our summer and winter tyres with high speed ratings at speeds of up to 300 km/h (186 mph). There is a demand for tyres with a high speed rating especially in Central Europe and North America, areas where the company is seeking strong growth.

Other test tracks will also be constructed in the center of the oval track. They can be used to study and test the behavior of the tyres in terms of aquaplaning, wet braking, and handling.



“White Hell”

– The home of winter safety

Nokian Tyres tests its winter tyres around the world, but the winter tyres’ true home can be found in Ivalo, Finland, north of the Arctic Circle. The world’s northernmost tyre manufacturer set up its “White Hell” testing center in Ivalo already in 1986. Covering more than 700 hectares, the testing center has really earned its tough reputation as the world’s largest and most diverse winter testing environment that has been built under extreme conditions. The testing center, which expands each year, simulates the extremes of winter driving and defies the grip limits from November to May, day and night.

The tyres are tested as consistently as possible on various ice and snow tracks. In practice, this means that a track will always have the same snow thickness and the ice is roughened and brushed clean as needed, for example.

In varied testing, it is essential to simulate the winter driving

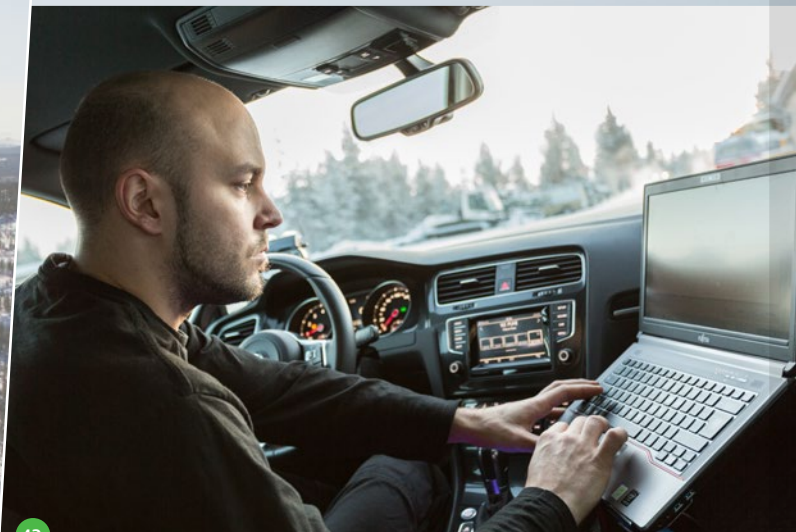
extremes. Currently, the testing center has over thirty different test tracks. They are used to analyze the performance of tyres during acceleration and braking or driving in turns and on hills and the grip on different surfaces on ice, snow, and slush. State-of-the-art technology is utilized in the testing.

Experienced testers are important, but technology is also utilized for some test drives. Robotic cars, for example, are very useful when you need many precise repetitions. Compared to the test drivers, however, they only have a supporting role.

Test drivers report the test drive results and identify the tyres’ good properties and areas for improvement. The end result of testing comprises subjective opinions and objective test data. This information is then used for further development in order to create the most important safety feature of a car – the best possible tyre.

“WHITE HELL” TESTING CENTER

- The world’s largest winter tyre testing center. The area could easily accommodate 1,129 soccer pitches or 700 baseball fields.
- Tyres are tested around the clock in the unique conditions of Finnish Lapland on more than 30 test tracks.
- The more than 200 days with temperatures below zero in Ivalo each year make for rough conditions for the tested tyres.
- More than 20,000 winter tyres are tested during the winter season.
- The tyres being tested are driven for more than 40,000 kilometers.
- Our drivers test tyres in Ivalo under all weather conditions for more than 180 days each year.
- The nearly 700 meter long ice hall enables consistent testing under any conditions.



Reliable mobility, efficiency at work

Safety for snowstorms and pouring rain as well as fuel savings for the family's second car. A driver's tyre choice is based on the tyre's suitability for their usage scenario and way of driving. Contractors look for tailored efficiency improvements and a longer working life. Nokian Tyres' global product policy offers versatile solutions for different markets and demanding locations that require special products, tailored innovations, and new additional services.

Unique stud technology

Studded flagship products, Nokian Hakkapeliitta 9 and Nokian Hakkapeliitta 9 SUV

The comprehensive product range for the new generation of the champions of demanding winter weather will be available to consumers in the Nordic countries, Russia, and North America in the fall of 2017.

The Nokian Hakkapeliitta 9 and Hakkapeliitta 9 SUV adapt to all forms of winter in a skillful and balanced manner. The patented, unique stud concept is at the heart of the new products. New Hakkapeliittas use two different types of stud. Operating with natural efficiency, the dedicated studs ensure easy and comfortable driving even on the worst of winter days.

In addition to excellent longitudinal grip, the world's first functional stud solution offers drivers supreme lateral grip on icy and snowy driving surfaces. Nokian Tyres' state-of-the-art technology also offers stable bare-road handling. The Hakkapeliitta 9 behaves in a controlled and logical manner under

extreme conditions at the grip limits, and it rolls lighter than the previous studded Hakkapeliitta generation, which results in fuel savings. The comfortably silent rolling noise supplements the green nature of these winter road champions.

In addition to the new generation of Nokian Hakkapeliitta winter tyres, the winter tyre technology pioneer is also introducing the new studded Nokian Nordman 7 and Nokian Nordman 7 SUV winter tyres. The Nokian Nordman product family offers an alternative to the premium products in terms of the price to quality ratio, and supplements Nokian Tyres' product range for different consumer groups.

The sporty Nokian WR A4 winter tyre for varying Central European winter weather

The new Nokian WR A4 complements the modern and extensive premium winter tyre selection. Central European drivers were already able to enjoy the Nokian WR D4 with its class A winter grip rating and the Nokian Weatherproof All-Weather tyre for year-round use.



The sporty Nokian WR A4 winter tyre from the world's northernmost tyre manufacturer optimally combines high-performance handling and reliable winter grip. The versatile size selection of this premium winter tyre designed for sporty and high-performance vehicles also includes sizes for modern electric cars.

Functional Performance Siping is a new technical innovation that masters all the elements of the Central European winter and rapid temperature changes. It ensures absolutely balanced driving in snowstorms, slush, pouring rain, or sun-scorched asphalt that welcomes faster driving. The center rib's Centipede Siping, inspired by nature, increases winter grip. The jagged 3D sipes, which resemble a centipede, grip the surface, thereby maximizing snow grip and stable handling.



The new Nokian zLine A/S
– State-of-the-art All-Season product

for the growing North American market

The Nokian zLine A/S, designed for passenger cars and sport utility vehicles with high top speeds, supplements Nokian Tyres' ever more versatile selection of premium products in North America.

The high-performance Nokian zLine A/S is developed for high-speed driving; it works safely and precisely under varying road and weather conditions all year long. It offers advanced performance, fuel efficiency that all consumers value, and excellent durability. This new high-quality product belongs in the UHP (Ultra High Performance) category, the crème de la crème of passenger car tyres. The size selection also includes SUV sizes that are tailored for use on sport utility vehicles.

The new Nokian zLine A/S immediately

responds to steering, which is an essential requirement for safe operation at the extreme limits. The stiff outside shoulder stabilizes the handling of the rigid tread pattern. The contoured groove corners provide additional support during cornering and lane changes, which allows the Nokian zLine A/S to maintain balanced and logical road contact at all times. The Dynamic Traction Boost Tread Compound was specially tailored for demanding use at higher speeds.

The Nokian Hakka Blue 2 expands the Hakka summer tyre family for Northern conditions



The Nokian Hakka summer tyres have been developed to perform safely under the weather and road conditions of the Northern summer.

The new Nokian Hakka Blue 2 summer tyre retains control on slippery roads. It stops firmly, and effortlessly prevents aquaplaning thanks to the Dry Touch concept. Drivers are sure to appreciate the precise and calm driving feel that makes driving easy, logical, and enjoyable even on frost-damaged roads with deep ruts.

The Nokian Hakka Blue 2 offers safe and sustainable driving from the first moments of spring until the cooler fall weather. This is particularly supported by the rubber compound which is tailored for the Northern conditions. The wet grip class according to the EU tyre label is A, the best possible rating, for most sizes. The comprehensive size selection is designed for high-powered mid-size passenger cars and sporty family cars. Nokian Hakka tyres also come with the Hakka Guarantee for protection in case of a flat.



Nokian Rockproof – a strong special tyre for demanding professionals

Extreme durability for professional driving and off-road enthusiasts. This special tyre that is aimed at the global market seamlessly combines the special durability of heavy machine tyres with the comfort of passenger car tyres.

The sturdy new product is a fearless performer in quarries, forests, and mining areas. The robust Rockproof is a tireless workhorse, and its cut-resistant Nokian Rockproof Hybrid tread compound and aggressive tread pattern provide the tyre with excellent resistance even under rough off-road conditions.

The Nokian Rockproof was designed for light trucks, SUVs and off-road use. It was developed in cooperation with Nokian Heavy Tyres and tested at mines and quarries in Europe and North America.

First in the world

In the future, the SnapScan service will promote traffic safety for millions of people

The SnapScan service informs the driver of the tread depth on their tyres and the correct time for tyre replacement. SnapScan is based on state-of-the-art 3D scanning technology. It works quickly and serves drivers on daily routes. The world's first measurement point was opened in a parking garage in Finland in December 2016. This ground-breaking digital tyre service will become global in the near future.

Nokian Tyres aims at developing safe, comfortable and eco-friendly tyres as well as creating new tyre-related services. For SnapScan, the vision is to promote safe driving for millions of people all over the world in an effortless and quick way.

Premium tyres and, in particular, the tread depth of tyres substantially impact braking distance and aquaplaning prevention. A driver can maximize their own safety as well as that of other road users by using good tyres, which leaves everyone more room to maneuver. The new SnapScan technology makes monitoring tyre safety easy and quick, since the owner of the vehicle receives the information in digital

format. This ensures that the vehicle owners know when they should react to the condition of their tyres.

SnapScan is made possible by 3D scanning technology, and it is a new way to measure the tread depth and safety of tyres in a quick and efficient manner. The car is driven across an automatic scanner that scans the tyres while a camera identifies the car's license plate. After scanning, the driver can receive a free, personal tyre report by SMS or email, regardless of the manufacturer of the tyres on the car. No special equipment is required on the car. This free service gives car owners one less thing to worry about.





Products for professionals in extreme conditions

Nokian Heavy Tyres will not only serve people on the road, but also the heavy machinery drivers. The ultimate in grip and durability, as well as their suitability for use in all seasons and in all weather conditions are the result of a long product development and listening to our clients.



A proper tyre for winter work

Nokian Heavy Tyres has expanded its comprehensive winter tyre selection to cover wheel loaders. The Nokian Hakkapeliitta Loader tyre, designed for winter conditions, raises grip on snow and ice to an entirely new level. At the same time, it is a very durable and functional tyre solution for year-round use.

Nokian Hakkapeliitta Loader is suited for airports, ports, and factories as well as snow plowing and winter maintenance for roads and streets. The open tread pattern provides excellent cleaning properties. The tread pattern with intelligent sipes is also aggressive and asymmetrical in order to ensure the best possible grip in the lateral direction as well as the driving direction.

The new rubber compound and the thicker rubber layer added to the tread are behind the long service life and supreme durability. The new carcass construction also improves the tyre's service life in addition to its stability. The Nokian Hakkapeliitta Loader is available in three different sizes.

The new king of the workhorses

Nokian Logger King LS-2 is Nokian Heavy Tyres' new product for full-tree forestry machines. The tyre combines an extremely sturdy structure with smart features. This tyre is available in five sizes, and it also has an Extreme model for the toughest conditions and heaviest machines.

The Nokian Logger King is intended for full-tree method machines, and it has been tested for over three years under the world's most demanding conditions, from New Zealand to the United States. Since the machines are often working in difficult terrain and across long distances, the tyres must be reliable, durable, and have exceptional traction.

The tyre's revolutionary characteristics are based on the new rubber compound and the open, aggressive

tread pattern. The high tread depth combined with the wide and sharp design of the shoulder rib provides excellent lateral grip and protects the tyre when using chains.

Traction and balance have been improved by shaping a straighter tread pattern, which widens the contact area. The new tyre also has straighter sides. The unique design in the bead area prevents wood from penetrating between the rim and tyre.

The Extreme version has an even stronger body structure that improves load capacity and additional steel belts under the tread pattern to improve puncture protection. All Nokian Logger King models are also easy and safe to fit.



Optimal safety and driving comfort

A modern car tyre is a state-of-the-art product that includes over 100 different components and raw materials. Technical innovations promote safety, handling and durability in products intended for different uses.



Effective aquaplaning prevention

Dry Touch 2 sipes

The sipes remove the water from between the tyre and the driving surface and guide it into the wide main grooves through the rib's centre groove. The sipe's contour ensures that the high-performance tyre has excellent wet grip, even when worn. The unique sipe is larger at the bottom, which ensures higher groove volume even for a worn tyre.

Nokian Hakka Blue 2 summer tyre

Safe and precise handling

Functional Performance Siping

Each tread block and sipe in the Nokian WR A4 winter has its own precise shape and role, which can be felt in the excellent grip and handling characteristics. The stiff outer shoulder, the zone-optimized siping on the inner shoulder and the center region's Centipede Siping with its jagged, centipede-like 3D sipes grip the driving surface, maximizing grip on snow and stable handling in variable winter weather.

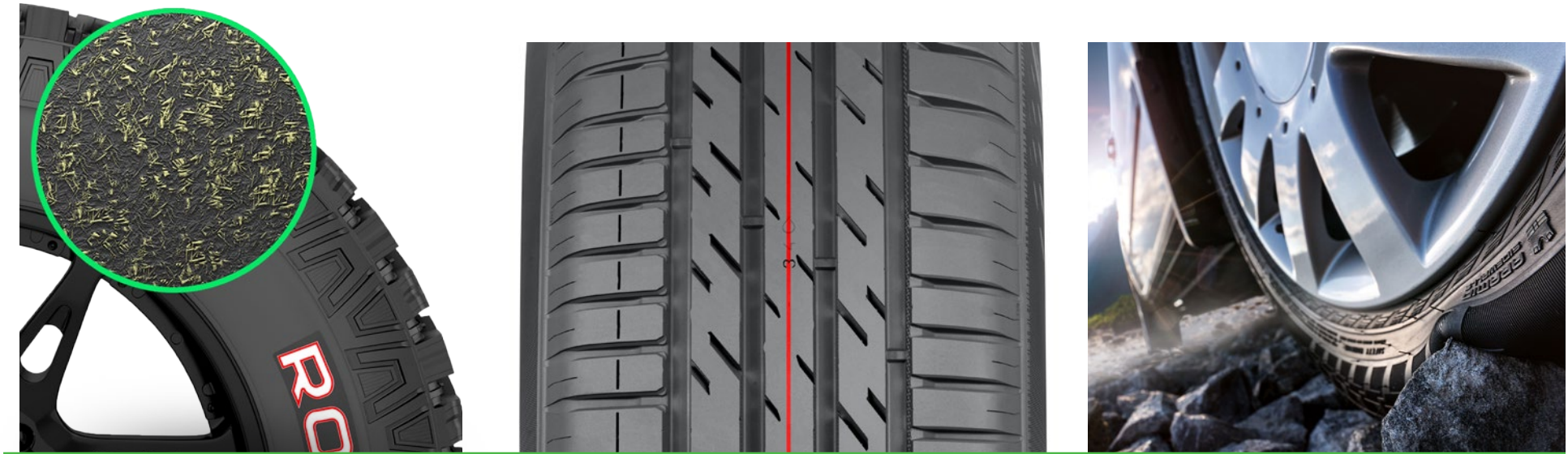
Nokian WR A4 winter tyre

More durability, excellent handling

Cooling Edge

The diagonal sipes on the shoulder area tread blocks boost handling and cool the hottest part of the tyre. This technology, used in the new Nokian zLine A/S, which is a high speed rating tyre developed for the North American market, improves handling in varying weather and offers better durability.

Nokian zLine A/S All-Season tyre



Extreme cut resistance – more working hours

Nokian Rockproof Hybrid rubber compound.

The new Nokian Rockproof Hybrid compound is tailored for challenging off-road use. The tyre's extreme cut resistance comes into its own during professional use in mines and quarries as well as in off-road driving.

Nokian Rockproof special tyre

Safety and comfort of use

Next-generation Driving Safety Indicator (DSI)

The Driving Safety Indicator (DSI) on the tyre's center rib indicates the tread depth. The numbers on the tread surface allow you to check the remaining tread in millimeters. The numbers and water drop symbol indicating an aquaplaning hazard will disappear as the tyre wears down. When the tread depth falls below 4 mm, the water drop symbol disappears and a red line appears around the circumference of the tyre. The red line indicates that it is time to purchase new summer tyres in order to ensure driving safety.

Nokian eLine 2 | Nokian Hakka Green 2 (AA classified sizes)

Better durability

Nokian Tyres Aramid Sidewall Technology

Nokian Tyres Aramid Sidewall Technology is utilized in the sidewall compound of the premium SUV tyres. The sidewall compound contains the extremely strong aramid staple fiber and provides exceptional protection against wear and cuts.

The same material is utilized by the aerospace and defense industries. The aramid fiber reinforces the tyre sidewall for better protection against impacts and cuts that could easily damage the tyre, thereby interrupting your trip.

**Nokian Hakkapeliitta LT2 | Nokian Rockproof | Nokian Rotiiva AT Plus & Nokian Rotiiva AT | Nokian Rotiiva HT
+ Newest SUV-products**

Capacity for growth

Nokian Tyres' production plants are located in Finland and Russia. At the headquarters in Nokia, Finland, centralized product development is carried out and prototypes and test runs are completed. The Nokia factory manufactures car tyres, heavy-duty tyres, and retreading materials for truck tyres.

In 2016, the capacity utilization increased year-over-year, and the production output (pcs) increased by 5%. Production output (metric tons) increased vs. 2015, and continuous investments into production technology improved productivity.

In January 2016, an agreement was reached regarding flexible working time for personnel in forthcoming years. The agreement will enable production to become more flexible and the company's competitiveness to improve. The agreement supports the plant in Nokia, enabling it to continue to play

a significant role in producing tyres and in developing new products and production methods.

Tyres are delivered from Vsevolozhsk to over 35 countries and Nokian Tyres is Russia's largest exporter of consumer goods. Using shift arrangements, the annual capacity of the factories in Finland and Russia can be more than 20 million tyres. Manufacturing in Russia represents a competitive advantage for Nokian Tyres. Tyre production costs are considerably lower in Russia than in Finland and other western countries.

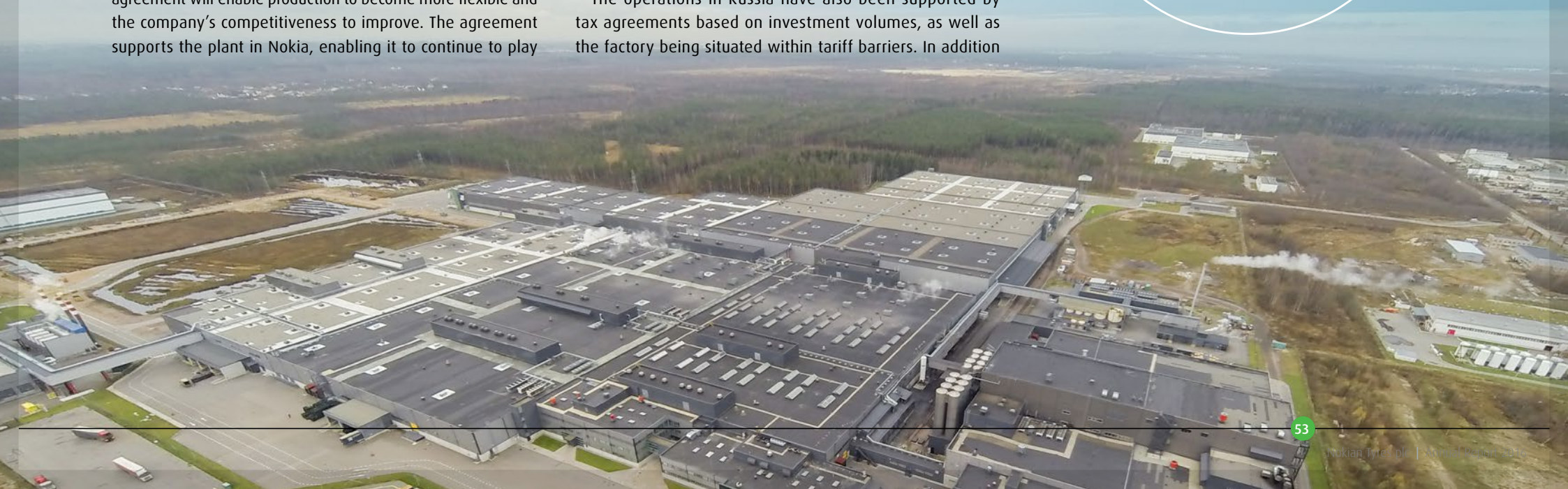
Approximately 70% of the production in Russia is exported, and the margin between euro-denominated export income and production costs paid in rubles has increased along with the depreciation of the ruble. If demand begins to increase, the company's production capacity in Russia enables production to be quickly ramped up to address the demand without requiring major investments. In 2016, approximately 86% of the company's passenger car tyres were manufactured in Russia.

The operations in Russia have also been supported by tax agreements based on investment volumes, as well as the factory being situated within tariff barriers. In addition

to having its own production plants, the company has contract manufacturers with factories that are able to meet Nokian Tyres' strict quality requirements. In 2016, contract manufacturing for Nokian Heavy tyres accounted for approximately 3% of the company's tyre sales.

over 20 mill.

The combined production capacity in Nokia and Vsevolozhsk is more than 20 mill. tyres





Sustainability guides our decisions

The cornerstones for our actions are the high quality, safety, and eco-friendliness of our products as well as the responsible development of our company in all areas of business. For us, sustainability means safe and eco-friendly products, state-of-the-art processes, profitable growth for the company, taking interest groups into consideration, and personnel well-being and safety. Sustainability is an essential part of our business.

Sustainability is an important part of our management and action plans, and it is reflected in our everyday work and decision making. Together with our professional personnel, we are systematically developing Nokian Tyres in different areas. We are working hard and want to set an example for better practices across the tyre industry. Our aim is to be at the frontlines of sustainability in the tyre business.

High quality all year long

We use managed, effective, and carefully monitored development, procurement, and production processes for ensuring the high quality of our products. A demanding attitude towards quality is part of our company culture, and every staff member does their part in ensuring high-quality products and services. In 2016, we continued our efforts to improve the quality of our products and operations even further. We want to provide every customer with an excellent customer and user experience in terms of every aspect.

A year in sustainability in our company

In 2016, we developed our activities across many different areas and continued the systematic development of sustainability that was started the previous year. The allocation of work took account of our materiality analysis, which investigated the expectations of our stakeholders, and the requirements of the UN Global Compact initiative. In the near future, our aim is to combine the key areas of sustainability within our company into key business benchmarks and activities in a seamless manner.

In the annual Dow Jones Sustainability Index assessment, we once again improved our total score and exceeded the industry average in 17 out of 18 assessment criteria. We completed 23 tasks from our sustainability development plan for 2015–2018 that contains a total of over 50 separate work packages.

In order to ensure the supply of eco-friendly and cost-effective energy, we joined the biomass power plant project in Nokia as an investor. With the new biomass power plant, the share of renewable energy sources at the Nokia factory increased to approximately 40% and is expected to increase further in 2017. In addition to updating the environmental risk and assessing water risks, we were also able to improve our production by increasing

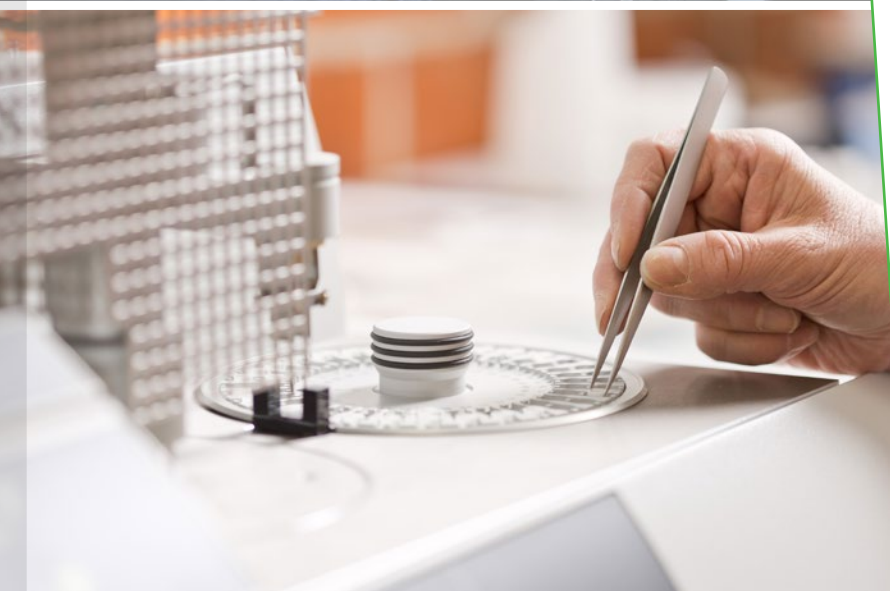
productivity and reducing waste. All of this will affect the reduction of our carbon footprint in the future.

With our new products, we once again took a step toward eco-friendlier and safer mobility. The excellent safety characteristics of the Nokian Hakka Blue 2 summer tyre family, launched last fall, are complemented by a lower rolling resistance than in the previous model, which in turn reduces fuel consumption and exhaust gas emissions. Nearly all of the 22 sizes of the new Hakka Blue 2 have a better EU rolling resistance rating than the previous product.

Positive results were also attained in occupational safety: the number of accidents was down by 26% across the group, the reporting rate of safety observations improved and a new type of safety culture was established together with the personnel. These are also good starting points for building a safer working environment in the future.

Our unique agreement on working time flexibility allowed us to avoid temporary and permanent layoffs at the Nokia factory for the entire financial period. At the end of the year, the personnel in Finland signed a competitiveness pact, and the company donated EUR 500,000 to the personnel fund as thanks for the flexibility and efforts of the personnel.





The sustainability goals guide our actions

Enabling people to drive safely and economically has been and will always be one of our essential goals. In the near future, we will also especially focus on reducing greenhouse gases through better energy-efficiency in production and the lower rolling resistance of our tyres. Developments in rolling resistance continue to offer millions of kilograms of annual savings in CO₂ and other exhaust emissions.

Resource efficiency has been a key goal for years, and we have already been able to cut our material waste by one third during the past three years. Our unit in Nokia is already a zero landfill factory, which means that all waste generated in its production is utilized. The Vsevolozhsk factory has the same goal.

In order to improve the sustainability of the purchasing chain and the coverage of our supplier assessments, we started partnering with an external auditor. We aim for more detailed supplier assessments especially in the natural rubber purchasing chain. Moreover, all of our raw material suppliers must conduct a

sustainability self-assessment in 2017. The above examples and our other sustainability goals aim at improving our results in the various business categories and the transparency of our operations in the future.

We are also focusing on the development of our personnel and company culture by emphasizing an even more sustainable way of thinking, since each Nokian Tyres employee will ensure ethical activities and high-quality results with their own work. One concrete example of our efforts to increase awareness of sustainability is our online training course, which we published for our personnel in several languages in late 2016.

Our sustainability goals and activities aim at improving the different areas of our business and increasing the transparency of our operations. We are also committed to external initiatives, which will give us an opportunity to reach an even better and more sustainable future.

Read more about the topic on our website and from our externally assured GRI G4 sustainability report for 2016!: www.nokiantyres.com/sustainability-report-2016

Board of Directors

31 December 2016



Petteri Walldén

Master of Science (Engineering).
Member of the Board since 2005. Chairman of the Board.
Member of the Personnel and Remuneration Committee.
Independent of the company.
Shares: 18,456 pcs.



Heikki Allonen

Master of Science.
Member of the Board since 2016.
Member of the Audit Committee.
Independent of the company.
Shares: 663 pcs.



Hille Korhonen

Licentiate of Science (Technology).
President and CEO, Alko Inc.
Member of the Board since 2006.
Member of the Personnel and Remuneration Committee.
Independent of the company.
Shares: 7,927 pcs.



Tapio Kuula

M.Sc. (Econ), M.Sc. (Electrical Engineering), B.Sc. (Econ).
Member of the Board since 2015.
Chairman of the Personnel and Remuneration Committee.
Independent of the company.
Shares: 6,359 pcs.



Raimo Lind

Master of Science (Economics).
Member of the Board since 2014.
Chairman of the Audit Committee.
Independent of the company.
Shares: 2,056 pcs.



Veronica Lindholm

Master of Economics.
CEO, Finnkino Oy.
Member of the Board since 2016.
Independent of the company.
Shares: 663 pcs.



Inka Mero

Master of Economics.
Co-Founder and Chairman, Pivot5.
Member of the Board since 2014.
Member of the Audit Committee.
Independent of the company.
Shares: 2,056 pcs.

Management

31 December 2016



Ari Lehtoranta

Alexej von Bagh

Esa Eronen

Teppo Huovila

Anna Hyvönen

Tarja Kaipio



Anne Leskelä

Andrei Pantioukhov

Juha Pirhonen

Manu Salmi

Pontus Stenberg

Timo Tervolin

Antti-Jussi Tähtinen

Ari Lehtoranta

Born 1963
President and CEO until 31.12.2016
M.Sc. Telecommunications.
With the company since 2014

Alexej von Bagh

Born 1968
Vice President, Processes
Master of Science (Eng.).
With the company since 1995.

Esa Eronen

Born 1957
Vice President, Supply Operations.
Technology Engineer.
With the company from 1988.

Teppo Huovila

Born 1963
Vice President, Quality, Sustainability and ICT.
Master of Science, MBA.
With the company from 1989.

Anna Hyvönen

Born 1968
Managing Director, Vianor and Partner
Distribution.
Licentiate of Science (Technology).
With the company from 2016.

Tarja Kaipio

Born 1962
Vice President, Human Resources.
Master of Psychology.
With the company from 2016.

Anne Leskelä

Born 1962
Vice President, Finance & IR.
Master of Economic Sciences.
With the company from 1997.

Andrei Pantioukhov

Born 1972
Interim President and CEO since 1.1.2017
Nokian Tyres plc and General Manager,
Nokian Tyres Russia.
MBA.
With the company from 2004.

Juha Pirhonen

Born 1963
Vice President, Research and Development.
Master of Science.
With the company from 1991.

Manu Salmi

Born 1975
Vice President, Nokian Heavy Tyres.
Master of Military Sciences, M.Sc.Economics.
With the company from 2001.

Pontus Stenberg

Born 1966
Vice President, Sales.
M.Sc. (Econ.).
With the company from 2010.

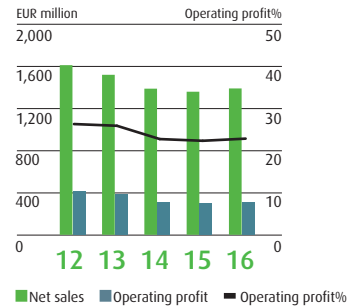
Timo Tervolin

Born 1977
Vice President, Strategy and Corporate
Development.
M.Sc. (Economics), M.Sc. (Engineering).
With the company from 2016.

Antti-Jussi Tähtinen

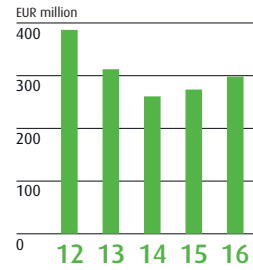
Born 1965
Vice President, Marketing and
Communications.
Master of Arts.
With the company from 2005.

Net sales, Operating profit and Operating profit%



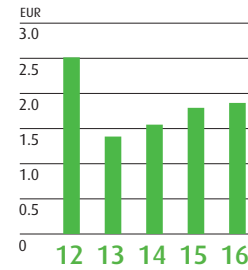
	2012	2013	2014	2015	2016
Net sales	1,612.4	1,521.0	1,389.1	1,360.1	1,391.2
Operating profit	415.0	385.5	308.7	296.0	310.5
Operating profit%	25.7	25.3	22.2	21.8	22.3

Profit before tax



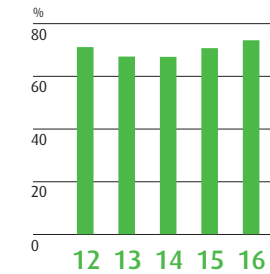
	2012	2013	2014	2015	2016
EUR million	387.7	312.8	261.2	274.2	298.7

Earnings per share



	2012	2013	2014	2015	2016
EUR	2.52	1.39	1.56	1.80	1.87

Equity ratio



	2012	2013	2014	2015	2016
%	71.2	67.6	67.5	70.8	73.8

Net sales by market area

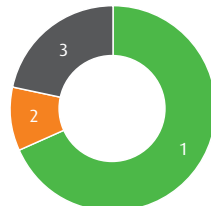
Share of Group's sales, %



	2015	2016
1. Finland	16%	16%
2. Sweden	15%	14%
3. Norway	13%	13%
4. Russia and CIS	17%	16%
5. Other Europe	26%	29%
6. North America	12%	11%

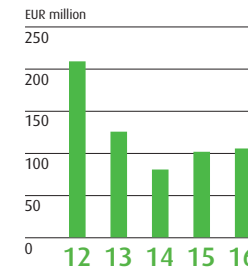
Net sales by business unit

Share of Group's sales, %



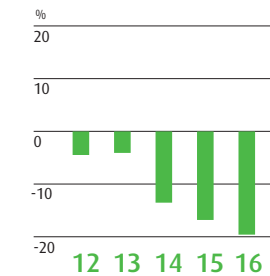
	2015	2016
1. Passenger Car Tyres	66%	67%
2. Heavy Tyres	11%	10%
3. Vianor	23%	23%

Gross investments



	2012	2013	2014	2015	2016
EUR million	209.2	125.6	80.6	101.7	105.6

Gearing



	2012	2013	2014	2015	2016
%	-4.5	-4.1	-13.6	-16.9	-19.7

EUR million 1.1.–31.12.	Notes	2016	2015
Net sales	(1)	1,391.2	1,360.1
Cost of sales	(3)(6)(7)	-724.2	-733.7
Gross profit		667.0	626.4
Other operating income	(4)	3.9	3.7
Selling and marketing expenses	(6)(7)	-267.6	-256.2
Administration expenses	(6)(7)	-49.4	-35.3
Other operating expenses	(5)(6)(7)	-43.4	-42.6
Operating profit		310.5	296.0
Financial income	(8)	140.1	200.9
Financial expenses ⁽¹⁾	(9)	-151.8	-222.7
Profit before tax		298.7	274.2
Tax expense ⁽²⁾⁽³⁾	(10)	-46.9	-33.5
Profit for the period		251.8	240.7
Attributable to:			
Equity holders of the parent		251.8	240.7
Non-controlling interest		-	-
Earnings per share (EPS) for the profit attributable to the equity holders of the parent:	(11)		
Basic, euros		1.87	1.80
Diluted, euros		1.86	1.80

EUR million 1.1.–31.12.	Notes	2016	2015
CONSOLIDATED OTHER COMPREHENSIVE INCOME			
Result for the period		251.8	240.7
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax			
Gains/Losses from hedge of net investment in foreign operations	(10)	0.0	0.0
Cash flow hedges	(10)	-0.3	-0.3
Translation differences on foreign operations ⁽⁴⁾		121.8	-55.2
Total other comprehensive income for the period, net of tax		121.6	-55.5
Total comprehensive income for the period		373.4	185.2
Total comprehensive income attributable to:			
Equity holders of the parent		373.4	185.2
Non-controlling interest		-	-

¹⁾ Financial expenses in 2015 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 2015 contain EUR 19.2 million expensed punitive interest for reprocessed tax reassessment decisions on years 2007–2010. These decrease financial expenses in 2015 with EUR 1.0 million net.

²⁾ Tax expense in 2016 has been adjusted with EUR 4.9 million according to the decision of the Board of Adjustment. Previously in 2015 tax expense has been adjusted with EUR 80.1 million as the tax reassessment decisions on years 2007–2010 were annulled and returned to the Tax Administration for reprocessing. Additionally tax expense in 2015 contains EUR 74.9 million expensed additional taxes with punitive tax increases for reprocessed tax reassessment decisions on years 2007–2010. These decrease tax expense in 2015 with EUR 5.2 million net.

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

⁴⁾ Since the beginning of year 2014 the Group has internal loans that are recognised as net investments in foreign operations in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". The impact in 2016 is EUR -1.3 million and 2015 EUR -13.7 million.

EUR million 31.12.	Notes	2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	(12)(13)	542.3	485.0
Goodwill	(2)(14)	86.5	79.2
Other intangible assets	(14)	37.1	19.4
Investments in associates	(16)	0.1	0.1
Available-for-sale financial assets	(16)	0.7	0.3
Other receivables	(15)(17)	10.4	8.8
Deferred tax assets	(18)	12.4	7.5
		689.5	600.2
Current assets			
Inventories	(19)	304.3	271.3
Trade and other receivables	(20)(29)	452.6	441.1
Current tax assets		16.1	13.0
Cash and cash equivalents	(21)	513.2	429.3
		1,286.2	1,154.6
Total assets	(1)	1,975.7	1,754.8

EUR million 31.12.	Notes	2016	2015
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
	(22)(23)		
Share capital		25.4	25.4
Share premium		181.4	181.4
Treasury shares		-6.7	-8.6
Translation reserve		-264.1	-385.9
Fair value and hedging reserves		-3.1	-2.9
Paid-up unrestricted equity reserve		168.9	133.0
Retained earnings		1,356.6	1,299.2
		1,458.4	1,241.6
Non-controlling interest			
		-	-
Total equity		1,458.4	1,241.6
Liabilities			
Non-current liabilities			
	(24)		
Deferred tax liabilities	(18)	50.6	25.7
Provisions	(25)	0.1	0.5
Interest-bearing financial liabilities	(26)(27)(29)	137.0	199.7
Other liabilities		1.0	2.1
		188.8	228.0
Current liabilities			
Trade and other payables	(28)	219.4	242.4
Current tax liabilities		16.8	20.0
Provisions	(25)	3.5	2.8
Interest-bearing financial liabilities	(26)(27)(29)	88.8	19.9
		328.5	285.1
Total liabilities	(1)	517.2	513.2
Total equity and liabilities		1,975.7	1,754.8

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

EUR million 1.1.–31.12.	2016	2015
Profit for the period	251.8	240.7
Adjustments for		
Depreciation, amortisation and impairment	100.5	100.4
Financial income and expenses	11.8	21.8
Gains and losses on sale of intangible assets, other changes	-7.9	-10.5
Income Taxes	46.9	33.5
Cash flow before changes in working capital	403.2	385.8
Changes in working capital		
Current receivables, non-interest-bearing, increase (-) / decrease (+)	46.3	-27.6
Inventories, increase (-) / decrease (+)	-9.8	8.2
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	6.5	4.0
Changes in working capital	43.0	-15.4
Financial items and taxes		
Interest and other financial items, received	15.5	2.9
Interest and other financial items, paid	-27.8	-49.8
Dividends received	0.0	0.0
Income taxes paid	-69.4	-40.0
Financial items and taxes	-81.7	-87.0
Cash flow from operating activities (A)	364.4	283.4
Cash flows from investing activities		
Acquisitions of property, plant and equipment and intangible assets	-101.5	-100.0
Proceeds from sale of property, plant and equipment and intangible assets	0.6	1.4
Acquisitions of Group companies	-11.7	-6.7
Change in non-controlling interest	-	-
Acquisitions of other investments	-0.4	0.0
Cash flows from investing activities (B)	-113.0	-105.3

EUR million 1.1.–31.12.	2016	2015
Cash flow from financing activities		
Proceeds from issue of share capital	35.9	33.3
Purchase of treasury shares	-	-
Change in current financial receivables, increase (-) / decrease (+)	28.6	-6.0
Change in non-current financial receivables, increase (-) / decrease (+)	5.1	0.4
Change in current financial borrowings, increase (+) / decrease (-)	48.9	48.5
Change in non-current financial borrowings, increase (+) / decrease (-)	-85.1	-73.4
Dividends received	0.5	0.4
Dividends paid	-202.0	-193.5
Cash flow from financing activities (C)	-168.1	-190.2
Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)	83.2	-12.2
Cash and cash equivalents at the beginning of the period	429.3	439.9
Effect of exchange rate fluctuations on cash held	0.8	1.6
Cash and cash equivalents at the end of the period	513.2	429.3

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

Annual General Meeting

The Annual General Meeting of Nokian Tyres plc will be held at Tampere-talo, in Tampere, Finland, street address Yliopistonkatu 55, on Monday April 10, 2017, starting at 4 p.m. Registration of attendants, the distribution of ballots and a coffee service will begin at 2 p.m.

Shareholders registered no later than March 29, 2017 in the company's shareholder register, which is maintained by Euroclear Oy, are entitled to attend the Annual General Meeting.

The 2016 Annual Report, Financial Review, Corporate Governance Statement, and Remuneration Statement for 2016 will be available in electronic form at the Company's website. The Annual Report includes the Financial Review as well as the Report by the Board of Directors and the Auditors' Report.

Read more at

www.nokiantyres.com/annualgeneralmeeting2017/
www.nokiantyres.com/company/investors/.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.53 per share be paid for the financial year 2016. The record date for the dividend payment will be April 12, 2017 and the dividend payment date April 27, 2017, provided that the Board's proposal is approved.

Share register

Shareholders are requested to notify any changes in their contact information to the book entry register in which they have a book entry securities account.

Financial reports

Nokian Tyres will publish financial information in Finnish and in English as follows:

- Interim Report for three months on May 3, 2017
- Half year Report for six months on August 8, 2017
- Interim Report for nine months on November 1, 2017

Nokian Tyres publishes its Financial Reports and Annual Report on the internet at

www.nokiantyres.com/company/investors/

Principles of investor relations

The goal of Nokian Tyres' investor relations is to regularly and consistently provide the stock market with essential, correct, sufficient and up-to-date information used to determine the share value. The operations are based on equality, openness, accuracy, and good service.

The Management of Nokian Tyres is strongly committed to serving the capital markets. The company's President & CEO and CFO are the main parties dealing with and answering questions from analysts and investors. Nokian Tyres adopts at least a three-week period of silence before the publication of financial information and at least a six week period of silence before the publication of the Financial Statements Bulletin.

Analyst and investor meetings are mainly held both in Finland and abroad in conjunction with the publication of the company's financial results. At other times analysts and investors are mainly answered by phone or email.

Investor Relations:

Andrei Pantioukhov, Interim President and CEO
 tel. +358 10 401 7733
 email: ir@nokiantyres.com

Anne Leskelä, CFO, Investor Relations
 tel. +358 10 401 7481
 email: ir@nokiantyres.com

Request for meetings and visits:

Jutta Meriläinen, Manager, Investor Relations and Business Development
 tel. +358 10 401 7231
 email: ir@nokiantyres.com

Investor information:

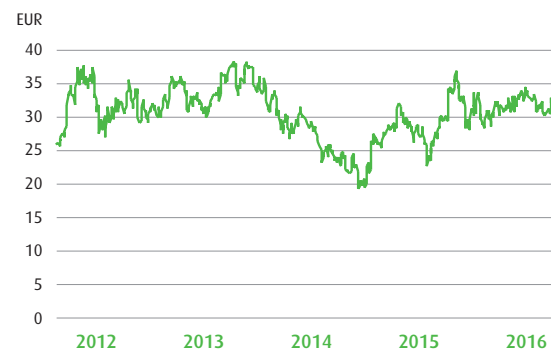
Antti-Jussi Tähtinen, Vice President, Marketing and Communications
 tel. +358 10 401 7940
 email: info@nokiantyres.com

Anne Aittoniemi, Communications and IPR Specialist
 tel. +358 10 401 7641
 email: info@nokiantyres.com

Address:

Nokian Tyres plc,
 PO Box 20 (Visiting address: Pirkkalaistie 7),
 FI-37101 Nokia

Share price development on Nasdaq Helsinki Jan 1, 2012–Dec 31, 2016



Annual Report and Financial Review 2016

The 2016 Annual Report, Financial Review, Corporate Governance Statement, and Remuneration Statement for 2016 will be available in electronic form at the Company's website. The Annual Report includes the Financial Review as well as the Report by the Board of Directors and the Auditors' Report.

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