Annual Report | 2015

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 2005–2015, we invested more than EUR 1 billion in our factories, whose productivity and product quality are top-notch in the industry.

In 2015, 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.

Content

Key figures,
IFRS

EUR million	2015	2014	change%
Net sales	1,360.1	1,389.1	-2.1
Operating profit	296.0	308.7	-4.1
% net sales	21.8	22.2	
Profit before tax	274.2	261.2	5.0
% of net sales	20.2	18.8	
Return on capital employed (ROI), %	20.3	19.2	
Return on equity (ROE), %	19.6	16.0	
Interest bearing net debt	-209.7	-164.6	-27.4
% of net sales	-15.4	-11.8	
Gross investments	101.7	80.6	26.2
% of net sales	7.5	5.8	
Net cash flow from operating activities	283.4	323.4	-12.4
Earnings per share (EPS), EUR	1.80	1.56	15.1
Cash flow per share (CFPS), EUR	2.12	2.43	-12.7
Shareholders equity per share, EUR	9.24	9.07	1.8
Equity ratio, %	70.8	67.5	
Personnel, average during the year	4,421	4,272	

Year 2015 in brief

27% Summer tyres' share of total sales.

25% growth in North American sales.

In Russia, sales contracted due to the collapse in consumer purchasing power.

93% Share of consumers who would recommend Nokian Tyres.

120 new Vianor outlets.

over **400** new NAD and N-Tyre outlets.

82% growth in SUV summer tyres sales.

Sales developed positively in the Nordic countries and Central Europe.

13% Growth in sales of tyres for forest machinery.

Personnel reductions in the Nokia factory.

Challenges continue in Russia, growth on other markets

Dear reader,

I would like to begin my letter by discussing the events of this year. It is rare for a company to publish its best ever news and its worst ever news within the same few weeks. In February, we said that we had made clear mistakes in the way we had handled our participation in magazine tests. In my experience, this has been common practice throughout the industry, but this does not mitigate the issue at all. Magazine testers became wise to this several years ago and the nature of testing itself has become more reliable as time has gone by. I humbly apologize for our own actions. We identified an issue, we corrected it, and now we are moving forward while making sure that when our tyres are sent for testing, they are the same as the ones our consumers receive from stores. We hope that we will also be able to point the entire industry in a better direction and create ethical testing principles for the sector.

Just before this, we reached a rare milestone at our location in Nokia in Finland, and this is one of the finest, most positive pieces of news in our company's history: an agreement with shop stewards and personnel to improve flexibility. To thank our personnel for their adaptability, we promise not to make any redundancies or lay-offs for production- or finance-related reasons for two-and-a-half years. The Nokian factory plays a major role in product development. In the future, we aim to succeed in tests and our customers' own comparisons when they use our products.

2015

The Russian economy has been weakening since 2013 and the decline accelerated last year. Russia accounted for 34% of our sales in 2013, but this figure fell to just 17% in 2015. Consumer purchasing power in Russia has collapsed as a consequence of the depreciation of the ruble, rapid inflation, and a decline in real earnings. At the same time, the North American economy has shown a reasonable increase and Europe also began looking up. The Nordic countries showed stable development. However, world-wide growth figures for tyre markets were modest and sales of winter tyres remained only slightly positive, with minor growth, due to mild winter conditions.

Despite these challenges, our organization and selected strategy showed their strength. Profitability has remained strong throughout the economic crisis in Russia and we had particular success in the second half of 2015, when we reversed a declining three-year trend in profitability and more recent negative sales figures, returning the business to growth.

Raw material prices continued to decrease rapidly, ensuring that pricing and competition remained intense. However, we succeeded in increasing our market share and price position in almost all of our markets. Our investments in product development and marketing contributed to this. We have increased the resources available to our sales companies for sales, logistics, and customer service. I believe that the world's best tyres are now supported by the team and tools that they deserve.

For the full year, our sales and profitability did not match the previous year. However, we demonstrated that our success does not depend on Russia. We are able to grow also in other markets without compromising on profitability. Our shareholders have enjoyed dividends enabled by our profitability and good cash flow, as well as an increase in the share price thanks to a more positive outlook.

Targeting growth

In November 2015, we held the first global capital markets day in our history. We explained our plan for 2016–2018 to the analysts who monitor us and the investors who are interested in us. You can check out our updated strategy elsewhere in this Annual Report. At the same time, we pledged above-market growth, which will be achieved without compromising our 22% operating profit level. Although we will invest several hundred million euros over the next five years in building the third factory and increasing capacity in our Vsevolozhsk factory, our strong balance sheet combined with good income levels will enable the dividend per share to remain at least as high as in previous years.

The success of our products among customers has continued to be excellent. We launched new tyres for the varying winter conditions in Central Europe. The SUV tyre families launched in 2014 achieved success on the market, with this product segment showing growth of 16%. Summer tyres accounted for an increased proportion of our net sales: they now make up 27%.

At the same time, our distribution network continued its uninterrupted growth. During the year, our distribution family was joined by 120 new Vianor outlets and over 400 new NAD/N-Tyre outlets. We now have a presence in 26 countries. The net sales of our Vianor unit increased in 2015 in comparison with the previous year. However, Vianor suffered from the lack of a real winter and missed its earnings targets.

Our Heavy Tyres unit continued its strong development and accelerated our growth. Sales have increased thanks to positive development in the forestry sector – an area of importance for us. At the same time, production efficiency has increased considerably, which has enabled our profitability to show favorable development. The unit achieved an excellent operating profit level of 18.5%. We have also invested in marketing, product development, logistics, and good customer service in this unit. I believe that these actions will enable profitable growth to continue also in this business area.

Recent years have been tough on our personnel. Due to the weakness of the Russian market, we have had overcapacity for several years, which is why we have had to resort to continuous layoffs. When the decline in the Russian economy accelerated in the summer of 2015, we were forced to take the difficult decision to reduce capacity at our Nokian factory from three million tyres to two-and-a-half million. At the same time, we were unfortunately forced to make more than 120 good Hakkapeliitta workers redundant. We invested the savings arising from this into R&D, quality, and marketing, where investments increased by over EUR 10 million in comparison with 2014 – more than the savings generated by the cuts. We will not generate profits by making cuts – growth will be achieved through continuous investment and high-quality work. I would like to thank our entire personnel. You do great work!

The late onset of winter represents a challenge for the present year, partly in terms of large inventory levels. Russia's economic position has weakened further due to the declining price of oil. Our strengths and the professional skill and attitude of our personnel convince me that this year will go in a more positive direction.

I would like to thank our customers and other stakeholders for the good cooperation last year. We promise to do even more work for your benefit.

Nokia, March 15, 2016

Ari Lehtoranta

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-Win Battles (MWB) – the development targets that we must overcome in the near future in order to advance on the path to profitable growth.

1 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.

2 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.

3 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.

4 Select markets

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

Key strategic objectives

The focusing 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, Russia and other CIS countries.
- 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.
- We are a valued and desired employer.
- Our personnel are skilled and highly motivated people who want to further improve their personal competence as well as our company as a whole.

Must-Win Battles
– Key challenges to overcome

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

Must-Win Battles in 2016–2018

WE MUST:

1 **BE THE FIRST CHOICE FOR CONSUMERS**

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

2 **BE PREFERRED PARTNER FOR CUSTOMERS**

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

3 **MANUFACTURE WORLD'S BEST TYRES AND SERVICES**

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

4 **REACH STRONG GROWTH IN CENTRAL EUROPE AND NORTH AMERICA**

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

HAKKAPELIITTA Spirit

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.

Business in the tyre sector

The annual value of tyres sales world-wide is approximately USD 170 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.

Distribution network and logistics at the core of seasonal expertise

A special feature of Nokian Tyres' core markets is the strongly seasonal nature of the car tyre trade. The majority of summer tyres are sold to consumers a few weeks either side of Easter. Consumer sales of winter tyres take place between September and November, depending on when winter sets in, and approximately 30% of winter tyres are sold within 10 days of the first snowfall. Forecasting sales and production months ahead requires professional skill, as tyre manufacturers typically have at least one thousand different combinations of tyre models and sizes. An extensive distribution network and efficient logistics and information systems are key to overcoming seasonal pressures. In practice, the seasonal nature of the business also forces manufacturers to grant long payment terms to partners in their distribution networks.

The quality of products and services can be seen in the price

The car tyres on the market are categorized according to price. Depending on the area there may be two or three segments. Manufacturers of premium (segment A) tyres highlight the superiority of high-quality products using indicators for traffic safety, comfort, and environmental values in their marketing and communications. Segment B tyres are manufactured for consumers looking for a low purchase price. Distributors strive to offer their customers alternatives in all of the price segments.

In the tyre sector, the regional market leader is usually also the price leader. Pricing power is increased by strong brands, good product reputation based on decades of user experience, as well as fluent and reliable distribution.

Productivity will improve with the help of investments

For logistical and commercial reasons, tyre manufacturers often establish local factories in their most important sales areas. Salary and energy costs vary from country to country but raw material prices are very similar all over the world. The most important raw materials are natural rubber, synthetic rubber, filler materials (such as carbon), cords, cables, and various chemicals. As tyre manufacturers have high fixed costs, profitability depends on making optimal use of the entire production capacity with as few outages as possible. Continuously improving productivity through investment and process development is essential to the success of a tyre manufacturer.

Digitization will change services and distribution structures

The increasing popularity of hybrid and electric cars will give rise to demand for lighter, more fuel-efficient tyres. Digitization increases the smartness of cars, making them more networked. Tyres and related services must be able to exploit these new opportunities.

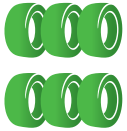
Consumers are increasingly making purchasing decisions online. Online stores are accounting for a greater proportion of sales but physical sales outlets will retain their powerful position thanks to the installation service that is required for the products. Pricing will become transparent and distributors will stock smaller inventories. The structural change in distribution will continue – wholesalers have particularly challenging times ahead.

Importance of market areas equalizing

Nordic countries

A strong position 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 44% of Nokian Tyres' sales in 2015. 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 321 Vianor tyre outlets.

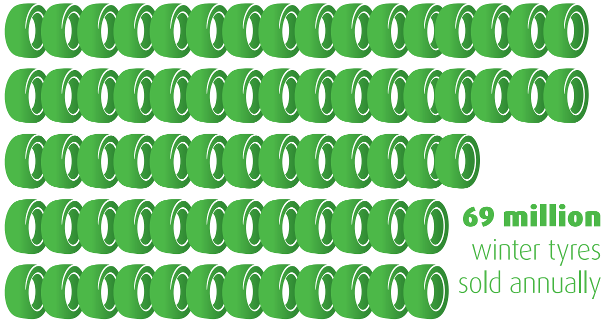


6 million
winter tyres
sold annually

Central Europe

Determined development in the role of challenger

On European markets, excluding the Nordic countries, approximately 250 million car and van tyres were sold in 2015. Central Europe is the world's largest market area for winter tyres – 11 times the size of the Nordic market. Approximately 69 million winter tyres were sold in 2015. 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 26% of Nokian Tyres' sales in 2015. 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 337 outlets in the area at the end of 2015. The Nokian Tyres Authorized Dealer (NAD) network encompassed 1,239 stores in 19 European countries and in China.



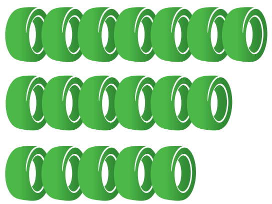
69 million
winter tyres
sold annually

Russia
Major potential, weak economic situation

Russia is a large market area where approximately 1.6 million new cars and approximately 33 million car and van tyres were sold in 2015. The demand for tyres in Russia is influenced by GDP growth, which is dependent on the price of oil, as well as purchasing power and consumer confidence. Economic growth in Russia was weak in 2015 due to a significant decrease in the price of oil, and the estimated GDP growth was -3.7%. Weakened household purchasing power directed sales away from premium products toward tyres in segments B and C.

Approximately 50% of after-market tyre sales are winter tyres. There is winter tyre legislation in Russia to use winter tyres in winter months but the enforcement is loose. However, the climate conditions in many parts of Russia make winter tyres essential in winter months anyhow.

Nokian Tyres is the market leader in the A and B segments and the largest manufacturer in Russia. In 2015, the company's sales in Russia and the CIS were EUR 255.1 million, accounting for 17.4% of the overall sales of Nokian Tyres Group. Nokian Tyres has an extensive distribution network in Russia. The location of Nokian Tyres' factories within Russia's tariff barriers, coupled with strong brands and an expanding distribution network, provide the company with significant competitive advantage in the market.

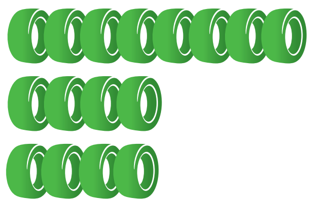


18 million
winter tyres
sold annually

North America
Growth through additional investment

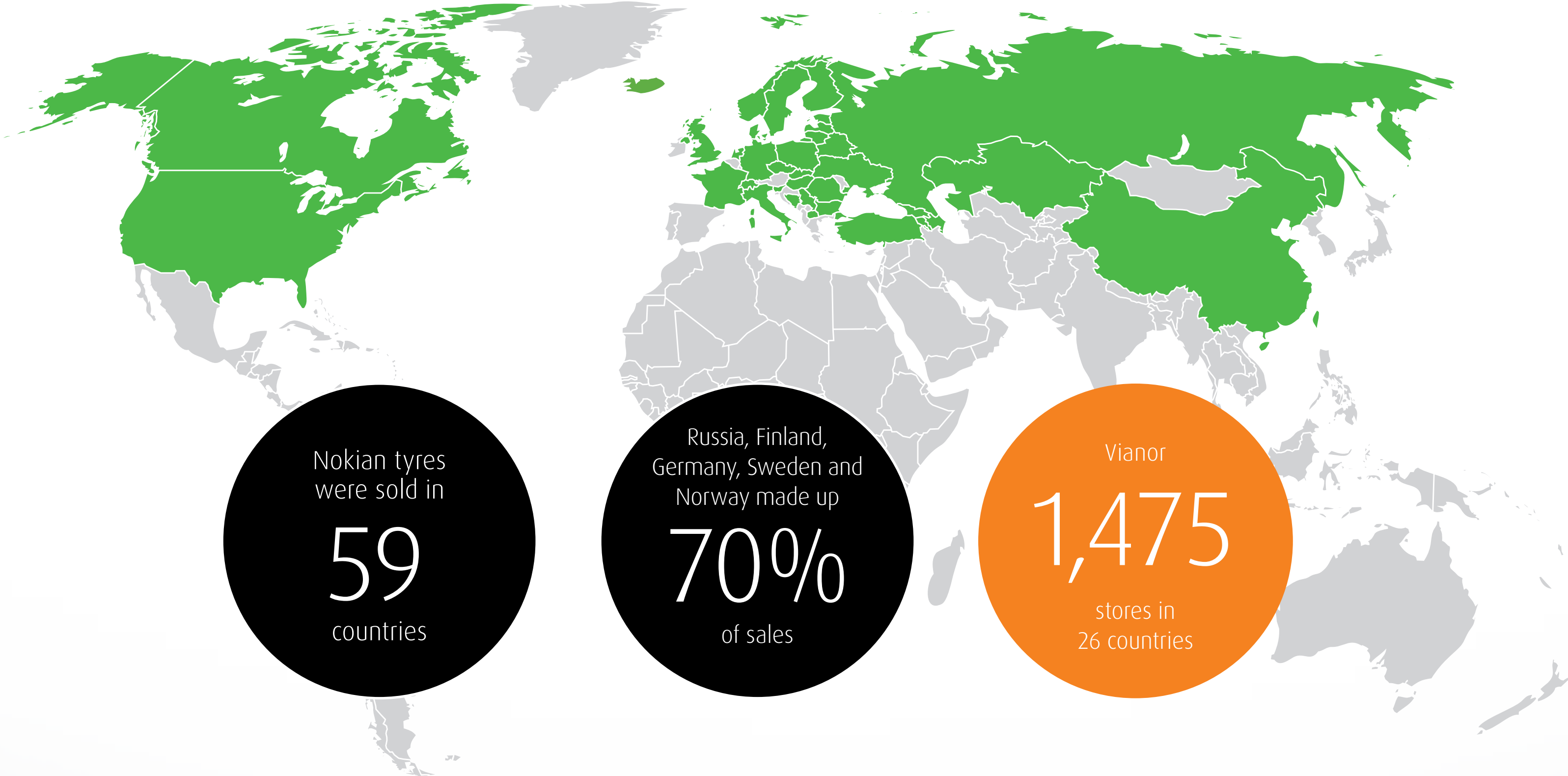
In North America, Nokian Tyres' strongest areas are Canada and the snow belt in the U.S.A. In these areas the yearly demand of winter tyres is approximately 16 million pieces. Total yearly tyre sales in the U.S.A and Canada, including summer and all-season tyres, is over 250 million pieces.

Nokian Tyres is a traditionally strong winter tyre brand in the northern parts of the continent. The company makes exclusive agreements with distribution partners in selected areas. Additionally, the Vianor chain has 76 tyre outlets in New England.



16 million
winter tyres
sold annually

Sales and distribution



Target markets

In 2015, Nokian tyres were sold in 59 countries. Russia, Finland, Germany, Sweden, and Norway made up 70% of our product sales.

Vianor

A total of 1,475 outlets in 26 countries (198 own outlets and 1,277 franchising and partner outlets). 356 outlets in the Nordic and Baltic countries, 706 in Russia and the CIS countries, 337 in Central and Eastern Europe, and 76 in the United States.

Nokian Tyres Authorized Dealers

Our Nokian Tyres Authorized Dealer (NAD) partner etwork grew by 370 contracts and now totals 1,239 locations in 19 Central European countries and China.

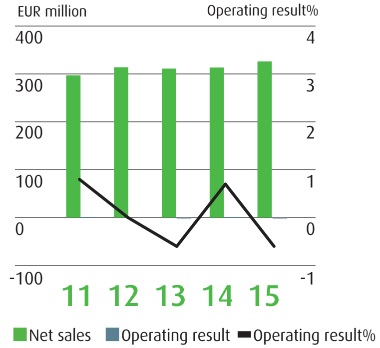
Russia

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 102 outlets in Russia and CIS countries.

Vianor

VIANOR

Net sales, Operating result and Operating result%



	2011	2012	2013	2014	2015
Net sales	298.4	315.3	312.5	314.8	**327.6**
Operating result	2.3	0.0	-1.8	2.1	**-1.9**
Operating result%	0.8	0.0	-0.6	0.7	**-0.6**

Perhaps the world's most comfortable pit stop

Vianor sells tyres for all of the most common vehicles: cars, vans, trucks, and special heavy machinery. In addition to Nokian Tyres branded products, the chain sells other leading tyre brands as well as a range of driving-related products such as rims, batteries, and shock absorbers.

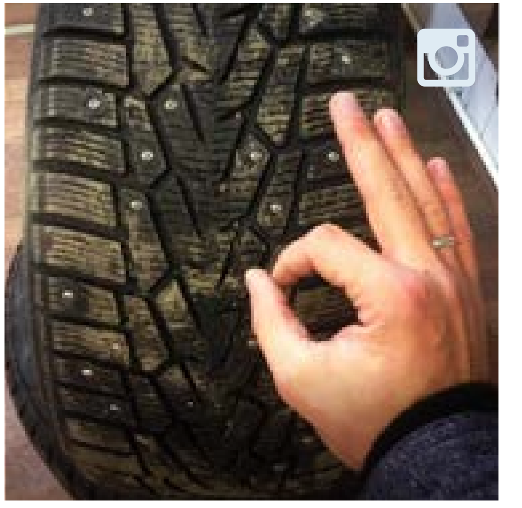
In addition to its retail business, Vianor also operates in fleet business and as a wholesaler. The strongly seasonal nature of tyre retailing makes it challenging for traditional tyre businesses to be profitable all year round. Vianor's range of services also includes tyre changes and installations, and, at many locations, oil changes, car servicing, and tyre storage services. The aim is for car servicing to contribute increasingly to Vianor's growth and profitability.

The Vianor tyre chain operates in markets of strategic importance to Nokian Tyres, laying a foundation to enable the Group's products to gain a strong share of the market. In 2015, Vianor provided the best network for sales of Nokian Tyres' products in the Group's core markets.

Transforming the operating model of the outlets from tyre sales towards car servicing is an ongoing process supported by investments and acquisitions of local car servicing companies. By the end of 2015, 64 companies had been acquired in the Nordic countries and their car servicing operations integrated into existing Vianor outlets.

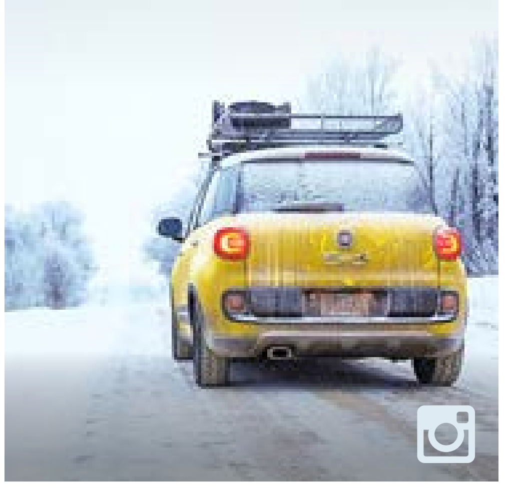
Focus on user experience

The process of selecting and purchasing tyres raises a range of questions among motorists. That is why it is important for us to have a strong presence on social media where we can encounter our customers, offer help and advance, share the positives and address the negatives. As well as consulting tyre manufacturers, motorists often turn to others for information and advice. People may find a helpful tyre expert within their own circle of friends or even on an internet forum. By making itself available for these encounters, Nokian Tyres can strike up a customer relationship long before its tyres are installed and the first miles are clocked up. Products and services that surpass expectations will drive customer relationships from one generation of tyre to the next, and shared user experiences often act as the seeds from which new customer relationships can take root.



“ Ice driving on frozen lake today.

Norway



“ My WRG3’s did an outstanding job. As soon as there was barely a hint of sliding, they gripped the road and held on. They regripped much faster than regular tires.

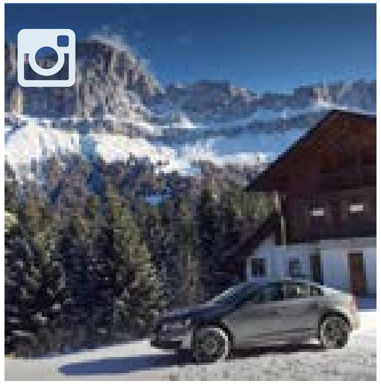
Michigan, USA

“Nokian Tyres products has turned my SUV into a tank. I run these year round in NE Ohio. There is no situation that these tyres can’t make better, excellent water handling capacity.

Ohio, USA

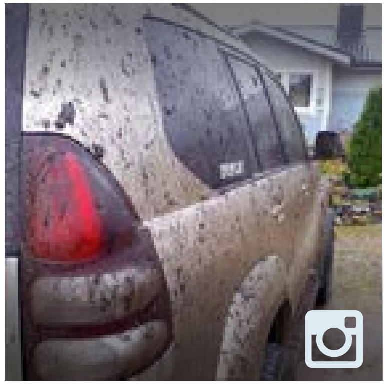
“Nokian Tyres summer tyres work like a dream. I wouldn’t trade them for any other tyres.

Poland



“I’m impressed.
A big thank you to the Nokian Tyres for getting me safely through the snow.

Germany



“The only thing I am scared about is the other drivers who don’t have Nokian Tyres-branded tyres. Thats my biggest concern.

Ohio, USA

Improved awareness, reputation, and sales

Nokian Tyres' marketing is tasked with promoting profitable growth and sales of the company's products. Premium brands must have marketing that is as high in quality as the products themselves. A further goal is to cultivate and disseminate a reputation as the developer of the world's safest tyres, a pioneer in the field, and a responsible operator. We aim to engage customers, personnel, and investors – the stakeholders who hold the key to profitable growth – in all of our operations.

In 2015, the company carried out a major strategic review, which led to changes in the focus of marketing for the next three years. Marketing will focus on supporting the main strategic goals: strengthening market leadership in premium tyres in the Nordic countries, Russia, and the C.I.S., building a strong market position in new growth areas in North America and Central Europe, seeking more rapid growth than the market as a whole, and gaining greater knowledge of customers' needs and wishes.

Number one choice for consumers

To attain a strong market position in Central Europe and North America, Nokian Tyres must significantly raise awareness of the company and its tyre brands among local motorists. Awareness will be raised by increasing the amount of marketing – particularly in digital channels and on social media. Brand value and desirability will increase over the long term with investments in consumer research and improving the customer experience at every point of contact. This will also support Nokian Tyres' objective of developing as a company with the highest customer satisfaction and loyalty in the sector.

First-choice partner for business customers

Sales of Nokian Tyres' products should have a key role in the distributors' business, leading to willingness and desire among retailers to support and build Nokian Tyres' brand. Continuously developing sales support material, unique launch events, new digital services, and product- and sales-related training will play a part in ensuring that Nokian Tyres' products and services are also attractive to retailers. Nokian Tyres also supports its key customers' businesses by carrying out joint promotions and marketing campaigns.

Which tyres fit my car?

Demand for consumer service on social media has been increasing for some time. In 2015, marketing placed a greater focus on consumer service and strove to make developments to ensure a globally high quality of service and consistent customer experience.

facebook.com/nokiantyres | youtube.com/NokianTyresCom | twitter.com/nokiantyrescom | linkedin.com/company/nokian-tyres-plc

Success requires good leadership

At Nokian Tyres, goal-oriented leadership promotes the development of expertise, occupational well-being, and equality among our committed, motivated, and professional personnel. The aim of HR management is to create an effective and healthy working community.

In 2015, we improved on our current operating practices in several areas of HR management. The need to develop everyday management processes and tools arises from business imperatives in our company. To ensure a high-quality end result, we do not make too many changes at the same time. In forthcoming years, we will focus on developing three areas of HR management and safety – work that got off to a successful start in 2015.

1. We are building a culture of safety
2. We are developing leadership
3. We are promoting occupational well-being

The internal entrepreneurship, joint insight, and activity of our personnel all serve to support expertise, profitable growth, and implementation of our strategy. Everyone has an opportunity to grow and develop within our company. Find out more about HR management in our corporate responsibility report.

www.nokiantyres.com/company/sustainability/

An excellent culture of safety requires long-term work

We have been working to improve occupational safety for several years. We have achieved good results and taken major steps forward in several sub-areas related to safety but there is still work to be done to create a comprehensive culture of safety. In 2015, we focused on collecting and learning from information about near-miss incidents and safety observations, raising the general level of safety awareness, and increasing the efficiency of the use of personal protective equipment.

Good leadership increases well-being and is a competitive advantage

In the field of leadership, we defined leadership principles for the entire Group and we will use these to improve the company's leadership culture. This affects personnel development and training, as well as performance-based management and recruitment. During the year, we disseminated information about the leadership principles to every supervisor in the Group with the aid of our Hakkapeliitta Leader game, developed in-house. We also applied the leadership principles as part of 360-degree analysis. We are aiming for an internationally consistent leadership culture that supports our objective of profitable growth and increases occupational well-being among our personnel.

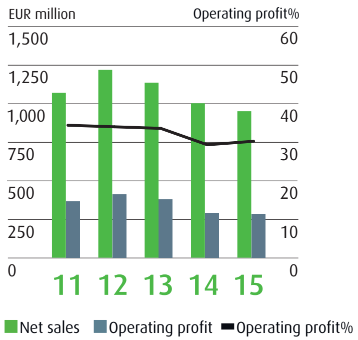
Occupational well-being as experienced by individuals and the working community

We aim to improve occupational well-being in our various units and focus on matters related to the workplace. Our occupational well-being consists of four factors: physical, mental, intellectual, and social. These may mean physically coping with work, a desire to learn new things and develop at work, having some influence over work, and experiencing a feeling of social acceptance. We use our Drive! personnel survey to gain information about how we could improve occupational well-being. The survey provides different organizations with information about which things are going very well and which things still need to be improved. The study also includes our leadership principles, as managing and supervising people plays a significant role in developing occupational well-being.

Nokian Passenger Car Tyres

NOKIAN PASSENGER CAR TYRES

Net sales, Operating profit and Operating profit%



	2011	2012	2013	2014	2015
Net sales	1,071.1	1,220.1	1,137.0	1,003.2	**951.5**
Operating profit	365.1	410.8	378.5	292.2	**285.5**
Operating profit%	34.1	33.7	33.3	29.1	**30.0**

Top products for demanding 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, and Nokian Nordman.

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.

Growth in the west compensated for difficulties in Russia

The net sales of Passenger Car Tyres unit in 2015 decreased due to weaker sales volumes in Russia and the depreciation of the ruble. Sales of summer tyres increased in all of the main market areas.

The SUV tyre families launched in 2014 achieved success on the market, with this product segment showing growth of 16%. Winter tyres accounted for 73% of the unit's sales volume in 2015.

Using shift arrangements, the annual production capacity of the factories in Finland and Russia was more than 20 million tyres. In 2015, the capacity was not used to the full; the production volume (pcs) decreased by 7% and productivity (kg/mh) improved by 5% in comparison with the previous year. In 2015, 81% (80%) of Nokian's passenger car tyres (pcs) were manufactured at the plant in Russia.

The world's best known winter tyre brand since 1936

Born, bred, and tested in the north. Nokian Hakkapeliitta winter tyres have been helping people get around in demanding winter conditions for 80 years. The tyre was born to handle the extreme conditions of the north and it has covered millions of satisfied customers, hundreds of innovations and setting world records in the process. The character of the tyre has remained the same: more safety, more peace of mind.

Competitiveness of the product selection continues to be excellent

Continuous product launches and new innovations – to increase safety, comfort, and ecological driving – have supported the brand image and price position of Nokian Tyres. Consumers gave the company's tyres an average grade of 4.6 (out of 5.0) and 93% of respondents would recommend our tyres.

Nokian Heavy Tyres

A strong year from the pioneer in special tyres

Nokian's Heavy Tyres unit focuses on specialist tyres for heavy industry. The most important product groups are tyres for forest machinery, special tyres for agriculture, truck tyres and retreading materials, tyres for ports and mines, and various types of heavy machinery tyres for demanding conditions. The core products are manufactured at the factory in Nokia, Finland. The main market areas are the Nordic countries, Central and Southern Europe, the USA and Canada, and Russia and the CIS.

Several new products joined the forestry tyres range and the complete renewal started in 2014 continued in 2015 for forestry tyres. The main products are CTL (cut-to-lenght) tyres for forest machinery, the Forest King F2 and Forest King TRS 2. Sales of forestry tyres continued its strong growth in 2015.

The world's first winter tyre for tractors, the Nokian Hakkapeliitta TRI, was launched in 2014. In 2015, the product family was expanded and a highly successful marketing campaign entitled "Fastest Tractor" was carried out in collaboration with Valtra and multiple World Rally Champion Juha Kankkunen. The campaign also set the Guinness World Record for the fastest tractor. A record speed of 130.165km/h (80.88mph) was set. The record-breaking tractor was fitted with studded Nokian Hakkapeliitta TRI tyres and the driver was Juha Kankkunen. The tractor was Valtra's new T234 model.

The company's position in truck tyres remained strong in the Nordic countries, with particularly good sales from the Hakkapeliitta family. Nokian Hakka Truck Drive received an innovation award as voted for by readers of Busplaner magazine. Hakka Truck Drive is targeted for year-round freight and bus transport for long and medium-length distances. The tyre offers excellent wear resistance, grip, and driving stability without compromises. The prize was awarded at Europe's largest bus exhibition, Busworld in Kortrijk, Belgium.

In the Nordic countries, the market position of Nokian Heavy Tyres remained strong throughout 2015 and full-year sales showed slight growth.

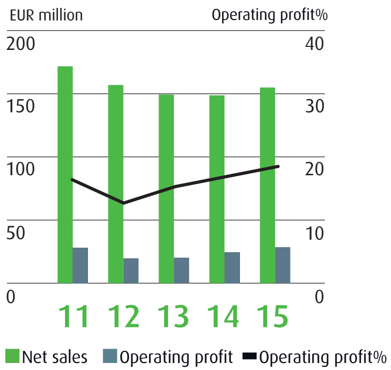
Distribution strengthening continued in Central Europe with main focus in Germany and France. In this large but very competitive market good results were achieved in terms of sales of forestry and TRI products.

North America showed strong growth in 2015. Investments in expanding distribution and improving availability gave good results. New products in the forestry tyres and agricultural categories led to a growth in sales. Additionally, sales of truck tyres and retreading materials grew significantly in this market in 2015.

In 2015, the net sales of Nokian Heavy Tyres increased by 4.2%, to approximately EUR 155 million, while operating profit increased by 16.9% to EUR 28.7 million. The growth was mainly due to positive trends in forestry and agricultural tyres. Growth in truck tyre sales came mainly from the Hakkapeliitta Truck product family, which saw sales growth of more than 10%. Sales of forestry tyres continued to grow strongly for a second consecutive year with growth of 13%. Agricultural tyres also grew by 6% in the highly competitive main market areas. Growth was strongly supported by the sales of new products. The production of Heavy Tyres continued to follow the technology development roadmap as planned. The productivity of the factory in Nokia grew by over 10% and the production volume increased by approximately 10%.

NOKIAN HEAVY TYRES

Net sales, Operating profit and Operating profit%



	2011	2012	2013	2014	2015
Net sales	172.1	157.3	149.7	149.1	**155.3**
Operating profit	28.2	19.9	20.4	24.6	**28.7**
Operating profit%	16.4	12.7	13.6	16.5	**18.5**

Nordic expertise

Uncompromising product development and extensive testing expertise produce patented solutions to promote safety and efficiency in demanding conditions.

Unique development work

The unique product development carried out by the world's northernmost tyre manufacturer is based on expertise built up over more than 80 years, as well as a continuous search for better solutions.

The quality, durability, and environmental friendliness of the products is based on careful structural development and testing. Efficient product development processes make agile, creative use of the newest technologies and materials, which can be seen and experienced in the everyday lives of drivers and contractors, leading to improved safety and efficiency.

World's safest products are the result of several years of development and background work in different usage environments to enable drivers to get from place to place reliably and comfortably, while saving fuel. Developing an entirely new passenger car tyre typically takes between two and four years.

Sustainable safety

Unique product development is guided by the principle of sustainable safety: the safety characteristics of a tyre must remain nearly unchanged throughout its service life. The principle of a sustainable safety also means developing environmentally friendly products and production technologies.

State-of-the-art laboratory equipment and testing devices enable for an even more effective comparison of the characteristics of rubber compounds, tread patterns, and tyre structures. The addition of canola oil to rubber compounds provides winter tyres with strength to resist tearing, as well as better grip on snow and ice. Pine tree oil, which is used in summer tyres, improves tread durability. Aramid fiber, which is used in the rubber compounds for the sidewalls of SUV tyres, reinforces the tyre's sidewall, making it better able to withstand impacts and punctures.

Environmentally friendly products that reduce fuel consumption, noise, and harmful emissions will continue to be at the core of product development alongside natural materials. The challenge is to combine safety with driving comfort while reducing the driver's fuel costs. At best, premium tyres can save up to 0.6 liters of fuel per 100 kilometers or increase the range of electric cars.

Nokian WR SUV

The world's first AA-rated winter tyre

The Nokian WR SUV 3 (size 265/50 R19 V) is the world's first winter tyre to receive the EU's top A-grade tyre marking for wet grip and fuel economy. This genuine SUV winter tyre from the pioneer in winter safety and eco-friendly driving is a revolutionary new product that can reduce braking distances by up to 18 metres on wet roads and save fuel by up to 0.6 l/100 km.

The Nokian Twin Trac SUV Silica rubber compound designed for heavy-duty SUV use and the Nokian Tyres Aramid Sidewall technology ensure that drivers in the varying winter conditions of Central Europe can enjoy the best snow grip, wet grip, and fuel economy in the industry, as well as a precise driving feel combined with superb durability. The same technology will also be used in other winter tyres in the future.

The renewed Nokian WR SUV 3 winter tyre is excellently suited for versatile use on different sports utility vehicles, such as the Porsche Cayenne, Audi Q7, BMW X5, Volkswagen Amarok, Volkswagen Touareg, Mercedes Benz ML, Jeep Grand Cherokee, and Volvo XC 60.

High-quality tailoring for different markets

Summer and winter mean slightly different driving conditions, roads, temperatures, or frames of mind for all of us. This is why the high-quality products made by the developer of the first winter tyre are carefully tailored to different markets and different, demanding use cases. Close collaboration with car manufacturers helps us to ensure that our products utilize the latest technology in an optimal way. More then twenty high-quality brands have selected Nokian Tyres' products for their winter tyre programs. The key to the development of special heavy tyres is collaboration with contractors on testing.

Product development closely monitors trends and changes in customer needs, and aims to anticipate users' wishes. One example of this is the new Nokian Weatherproof All-Weather tyre, which combines reliable winter safety with the precise driving stability and assured handling that characterizes Nokian Tyres' summer products.

The comprehensive product range is being rapidly renewed new products account for at least one quarter of 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.

Nokian Hakkapeliitta TRI

A breathtaking new world record for tractors: 130.165km/h!

A new speed record for tractors was set when two masters of northern conditions – Nokian Tyres and Valtra – combined their expertise. The breathtaking world record was set on a snowy and icy highway in Finnish Lapland in February 2015. The record speed was set using the world's first winter tyres for tractors, the Nokian Hakkapeliitta TRI (440/80R28 151D & 540/80R38 167D), and a Valtra T234.

"Testing in extreme conditions is the hard core of our operations. We wanted to demonstrate how much performance the new Nokian Hakkapeliitta TRI really offers. It's an amazing sight when a machine weighing 7.7 tons flies by at 130km/h (80mph) and the vehicle is being driven by four-time World Rally Champion Juha Kankkunen," says Tero Saari, the project manager from Nokian Tyres' product development unit.

The unique tread pattern, winter rubber compound, and sipe solution of the Nokian Hakkapeliitta TRI maximize grip and efficient driving. Diagonal sipes – grooves in the tread pattern blocks – increase the number of edges gripping to the surface and improve grip, both forward and laterally. The world's most northern tyre manufacturer was the first to demonstrate a tractor tyre with a block pattern tread – more than ten years ago.

Nokian Tyres was the first to demonstrate a tractor tyre with a block pattern tread – more than ten years ago.

Testing in extreme conditions

All of the company's high-quality products are tested in authentic conditions around the world. Every year, test drivers drive hundreds of thousands of kilometers, all the time feeling, sensing, and evaluating the tyres. When a vehicle has become an extension of the body, the tyre tester knows what the tyre feels like.

Winter tyres are developed at our own test laboratory in Ivalo in Finnish Lapland and trusted by drivers all over the world in all conditions. The "White Hell" testing center in Ivalo, which expands every year, enables simulations of extreme conditions in winter driving between November and May, night and day. A new logistics center in Ivalo enables even more effective testing. Over the winter season, more than 20,000 winter tyres are tested in Ivalo.

Another test center in Nokia offers versatile facilities for dry and wet properties testing as well flexible and unique conditions to utilize high speed camera technology and slush planing tests.

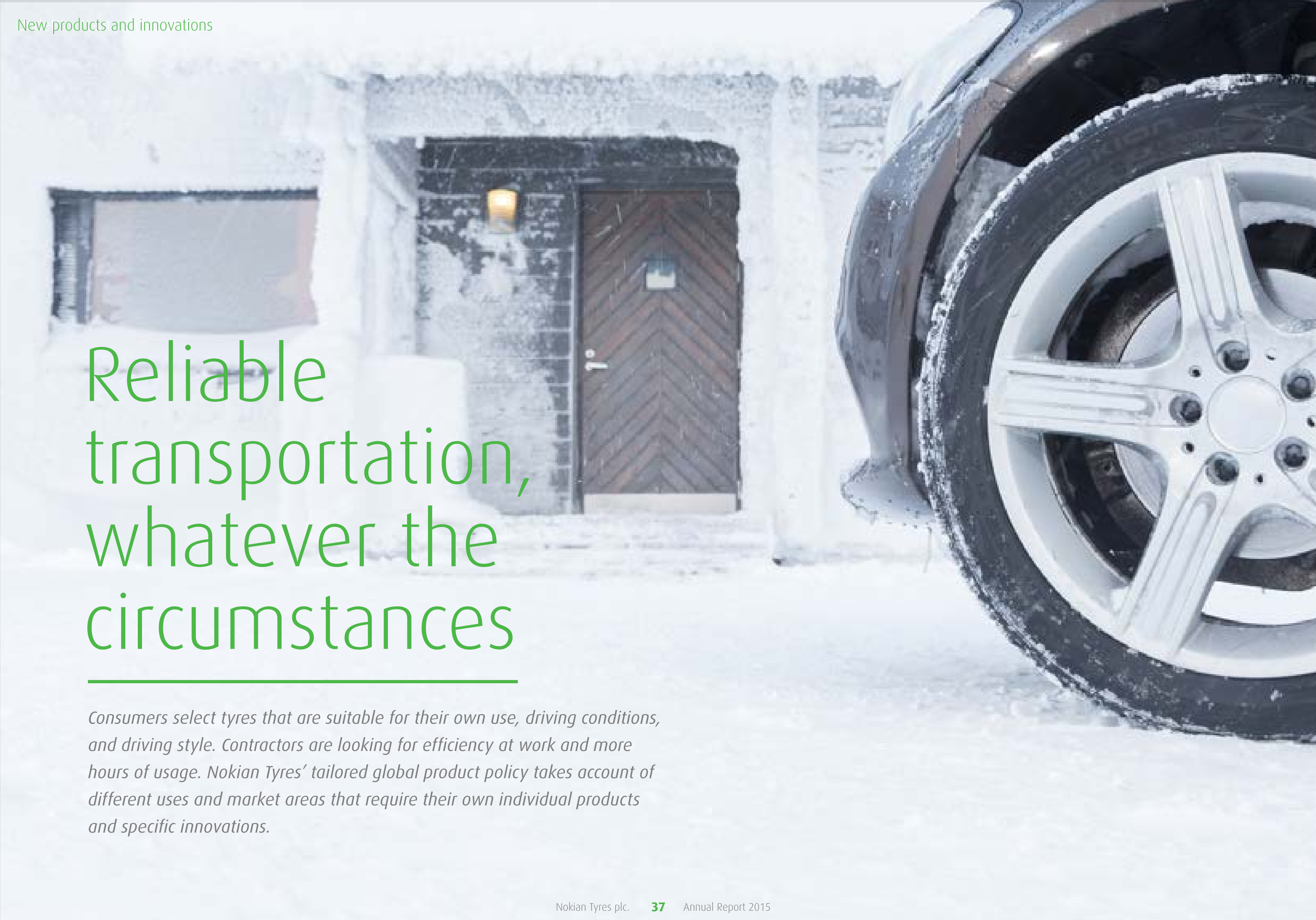
To ensure that comprehensive results are obtained, tyres are also tested on several tracks overseas. In addition to our own tests, Nordic and Central European taxi companies also participate in durability testing and the challenging development of new tyre models.

Continuous renewal

Continuous investment in new products, diverse testing methods, and advanced measurement devices enable the company to develop high-quality products using unique innovations from one year to the next.

One of the newest inventions is Aramid Sidewall technology, which is used in SUV tyres to provide additional safety by effectively preventing impacts and punctures.

Intensive testing in genuine usage conditions and in the laboratory, gaining a thorough understanding of all of the elements of seasons and products serve the most important goal of development work: driver safety.



Reliable transportation, whatever the circumstances

Consumers select tyres that are suitable for their own use, driving conditions, and driving style. Contractors are looking for efficiency at work and more hours of usage. Nokian Tyres' tailored global product policy takes account of different uses and market areas that require their own individual products and specific innovations.

Nokian WR D4

The world's first premium winter tyre with class A wet grip

The developer of winter tyres has expanded its extensive winter range with new special products. The Nokian WR family of winter tyres, intended for the varying winter conditions of Central Europe, was expanded with the addition of several high-quality products.

The top AA classification of EU tyre marking is now a reality for winter tyres as the pioneer of winter tyre technology released the state-of-the-art Nokian WR SUV 3 winter tyre (size 265/50 R19 V) for European SUV users. A genuine SUV winter tyre, the product is superbly suited to a range of uses on various SUV models.

Thanks to unique inventions, the new Nokian WR D4 provides absolute safety and balance on wet and snowy roads. It is the world's first premium winter tyre for passenger cars that offers wet grip in the EU tyre label's best A class in many sizes. Innovations: The Nokian Block Optimized Sipe System and the Nokian Twin Trac Silica rubber compound provide controlled driving behavior and unbeatable grip in extreme situations.

The efficient Nokian WR C3, designed for a diverse range of uses on vans and distribution vehicles, offers safe, durable, light travel on roads in urban and rural areas in Central Europe. The new winter product, which combines the driving comfort of a car with very low rolling resistance, also optimizes the handling characteristics appreciated by professional drivers for added safety.

The new All-Weather product concept – safe driving pleasure all year round

The high-quality products belonging to the new All-Weather concept, which has been launched on Central European markets, combine reliable winter safety with the precise driving stability that characterizes Nokian Tyres' summer products. The versatile Nokian Weatherproof is a winter tyre with excellent grip characteristics. At the same time, it is also a summer tyre that rolls precisely during hot summer conditions. Tests have shown that the Nokian Weatherproof family of products is much safer and more versatile than typical all-season tyres.

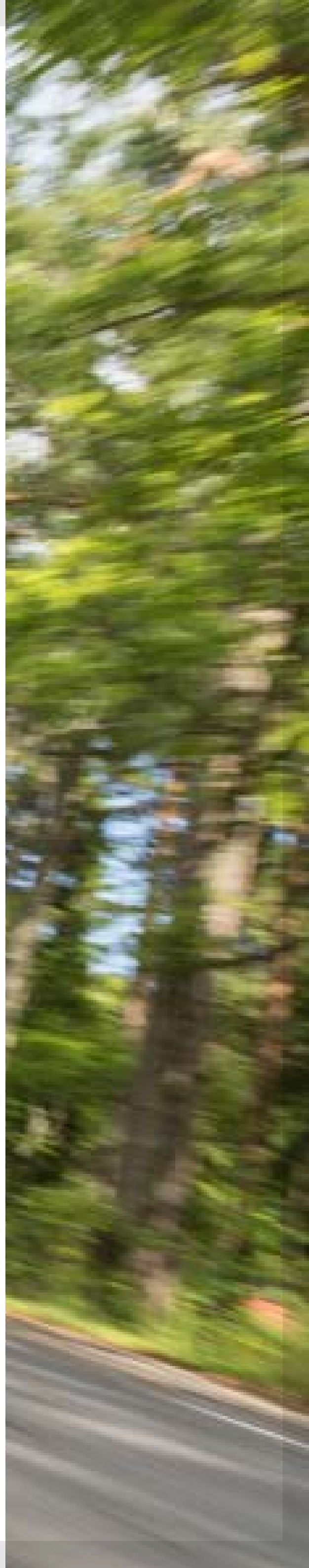
The Nokian Weatherproof family of products provides durable performance on highways and city streets in Central Europe and includes sizes to suit modern passenger cars, SUVs, and vans. All of the sizes bear the snowflake symbol (3PMSF), which indicates that the tyres have been officially approved for winter use. The same product concept has already been successfully utilized on North American markets.

Ever-expanding range of premium summer tyres for Central Europe

In 2015, numerous new premium summer products were launched on growth markets in Central Europe and North America. Premium summer tyres from the world's leading manufacturer of winter tyres are the result of uncompromising long-term development work.

The new Nokian eLine 2 represents the most modern summer tyre technology in the industry. The AA-rated premium summer tyre was developed for Central European drivers who want to enjoy a safer, greener future today. It offers pioneering customers the best possible class A in the EU tyre label's wet grip and fuel efficiency categories. On the road, this can mean a braking distance that is up to 18 metres shorter on wet roads and fuel consumption that is 0.6 l/100 km lower.

The Nokian iLine, designed for small and mid-sized family cars, rolls comfortably and safely in all summer conditions. Venturi grooves effectively prevent aquaplaning, which is always dangerous, and the addition of pine tree oil to the rubber compound maximizes tyre durability.



Nokian Hakka Green 2 expands the northern Hakka family of summer tyres

The Nokian Hakka family of summer tyres tailored for northern conditions is joined by the new Nokian Hakka Green 2, which offers balanced handling under wet conditions, minimises fuel consumption and provides more kilometres of enjoyment. The wide range of tyres tailored for small and mid-sized family cars also includes several sizes of tyre with EU tyre label class A – the best ranking – for their wet grip and rolling resistance.

New Nokian Tyres Coanda technology guides and accelerates the removal of water from between the tyre and the road. The invention effectively prevents aquaplaning – a dangerous condition feared by drivers. The same principle has previously been applied with success to airplane wings and Formula 1 cars. The tread durability of the Hakka Green 2 is up to 15 percent better than that of its predecessor.

Nokian eNtyre 2.0 – a new generation of high-performance All-Season tyres

The Nokian eNtyre 2.0, a new generation of All-Season tyres customized for North American markets, offers an optimal combination of safety, comfort, and performance. The modern silica rubber compound and surface model inventions improve maneuverability on wet and dry roads without compromising on winter grip and durability.

The new Nokian Rotiiva HT supplements the SUV and 4x4 range, which has been completely overhauled and developed for a diverse range of uses. The strong giant is designed specifically for demanding use by heavy-duty SUV-type 4x4 cars and pick-ups. The special All-Season tyre offers an exceptionally comfortable driving feel with assured traveling on asphalt and gravel. The rubber compound has good tread and puncture durability, guaranteeing an outstanding result in terms of distance.

Tested reliability for professional use

Nokian Tyres' specialist heavy-duty products are developed in close collaboration with contractors. They provide more working hours and better grip, along with the ability to carry heavier loads, for demanding professional applications.

The completely renewed Nokian Forest King family takes grip to a new level for forest machinery

The Nokian Forest King F2 and Nokian Forest King TRS 2, which were developed for modern CTL (cut-to-length) forest machinery, are specialist tyres designed for professional logging. The Nokian Forest King F2 is a specially designed tyre to be used with tracks, with a special rubber compound that functions reliably in the forest. Additionally, the tyre has reinforced shoulders to withstand demanding use and guarantee more hours of productivity. The tread has grooves that are compatible with tracks and that have been designed in collaboration with track manufacturers to ensure that they guarantee maximal grip.

The Nokian Forest King TRS 2 is a forestry tyre targeted specifically for the Central European market. The TRS 2 is a traction tyre and the "Super Shovel" design of the lugs has proven itself to be highly effective at self-cleaning with excellent grip. The tyre has a very high load-bearing capacity and unbeatable grip on steep slopes. The tyre can also be used with tracks as required. Both forest tyres have a very square shape structure to prevent sidewall punctures and damaging impacts.

The world's first family of winter tyres for tractors is growing

The Nokian Hakkapeliitta TRI is the world's first winter tyre designed for tractors. The 11 sizes in the product family cover all of the most common tyre sizes in use in snowy areas. The first-class grip of the Hakkapeliitta TRI has been tested in working use and has also been put through its paces by rally legend Juha Kankkunen, who made it the world's fastest tractor tyre.

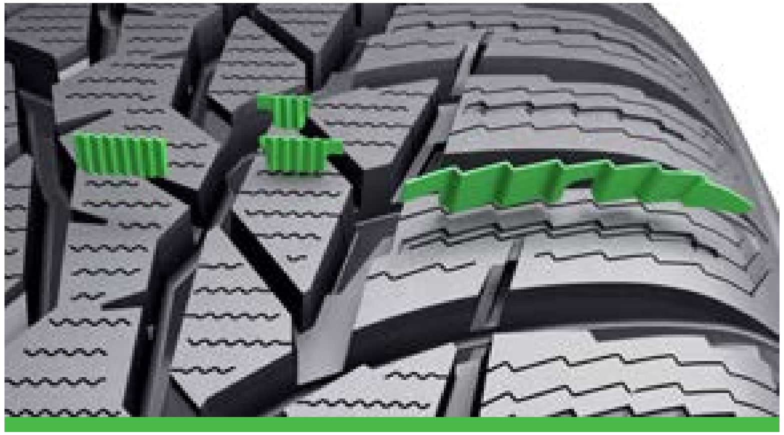
The Nokian Hakkapeliitta TRI's siped surface tread guarantees several times more grip edges, both lateral and in the drive direction, and takes driving characteristics to a new level in comparison with traditional tractor tyres. A rubber compound designed for winter work, a new frame structure offering a larger contact area, and a highly advanced tread model ensure superlative winter grip. The tyre has pre-marked stud positions enabling easier studding. When studded, even higher grip levels can be achieved.

A truck tyre for Central European markets

The new Nokian Hakka Truck Drive tyre provides driving stability, grip, and safety for freight vehicles and buses driving long and mid-length distances all year round. The Nokian Hakka Truck Drive has received an innovation award ("Innovation des Jahres 2016") as voted for by readers of German-based Busplaner magazine. The versatile new product is particularly well suited to the varying weather conditions of Central Europe and the Nordic countries, where excellent wear resistance is required without compromises.

The sturdy Nokian NTR 74S is a new truck tyre optimized for highway use. It is intended primarily for trailers and is approved for winter use. The zigzagging groove pattern, unique central sipe, and tread compound guarantee that the Nokian NTR 74S is stable, durable, and economical in the varying conditions in the Nordic region, Central Europe, and Russia.

Safety and driving comfort all year round



Better winter grip

Nokian Block Optimized Sipe System

Each tread block and sipe has its own precise shape and role, leading to excellent grip and maneuvering characteristics. The central area is dominated by a strong center rib known as the Steering Precision Rib. The sturdy center rib sipes do not extend from one edge of the tread block to the other, leading to increased precision and control over driving behavior. The small, strongly siped tread blocks (Snow Performance Blocks) on either side of the center rib have grooves designed in such a way that every other sipe is attached on the left side, while the remainder are attached on the right, guaranteeing optimal snow grip. The robust shoulder blocks contain strong sipes to improve grip (Stiff Handling Blocks). These sipes become lower when moving away from the center toward the shoulders. The design increases snow grip and driving response.

Nokian WR D4

Watch the video: https://youtu.be/hVtAQcSP9m4

Effective aquaplaning prevention

Nokian Tyres Coanda Technology

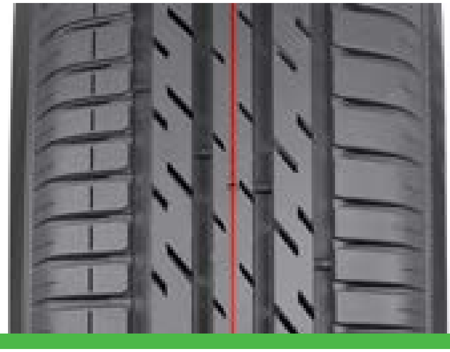
Nokian Tyres Coanda Technology guides and accelerates the removal of water from between the tyre and the road. The invention effectively prevents aquaplaning – a dangerous condition feared by drivers. The same principle has previously been applied with success to airplane wings and Formula 1 cars. The curved, ramp-like design of the tread blocks on the inner shoulder guide and accelerate water flows from longitudinal grooves to transverse grooves. The tyre retains its outstanding aquaplaning prevention characteristics as it wears.

Nokian eLine 2 | **Nokian Hakka Green 2**

Increased driving comfort

Silent Sidewall technology
A special rubber compound tailored for the area between the sidewall and the tread actively filters the amount of noise and vibration from the road, thereby preventing harmful sound waves from being transmitted to the driver via the sidewall.

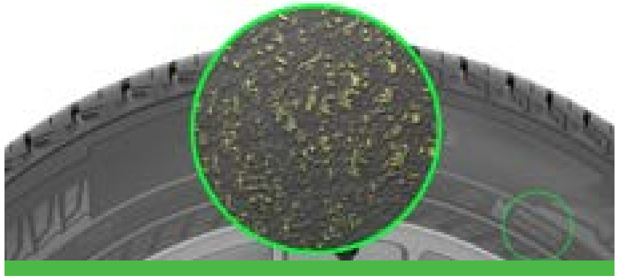
Nokian WR D4
Nokian eLine 2
Nokian Hakka Green 2
Nokian eNTYRE 2.0
Nokian Rotiiva HT



Safety and comfort in use

The next-generation Driving Safety Indicator (DSI)
The next-generation Driving Safety Indicator (DSI) on the centre rib indicates tread depth. You can check the amount of remaining tread in millimetres by examining the row of numbers on the tread. The numbers and water drop symbol indicating a risk of aquaplaning disappear, as the tyre wears down. When the tread depth is below 4 mm, a red stripe that indicates low tread depth will appear around the tyre. When this happens, please purchase new summer tyres in order to ensure sufficient safety.

Nokian eLine 2
Nokian Hakka Green 2 (sizes in class AA)



More durability

ARAMID SIDEWALLS

Nokian Tyres Aramid Sidewall technology
Nokian Tyres Aramid Sidewall technology is used in the sidewall rubber compounds of premium SUV tyres. The sidewall rubber compound, which is exceptionally durable and resistant to punctures, contains extremely strong aramid fiber. The same material is also used by the aerospace and defense industries. Aramid fiber reinforces the sidewall of the tyre, improving its ability to withstand impacts and slashes that could easily cause the tyre to break and put an end to the journey.

Nokian Hakkapeliitta 8 SUV
Nokian Hakkapeliitta R2 SUV
Nokian WR SUV 3
Nokian Weatherproof SUV
Nokian Hakka Black SUV
Nokian Hakka Blue SUV
Nokian zLine SUV
Nokian Line SUV

Watch the video: https://youtu.be/P2yjARS7frM

Ability to increase manufacturing volumes as markets grow

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 2015, there was spare capacity in the car tyre unit and the production volume (pcs) decreased by 7%. Productivity (kg/mh) improved by 5% in comparison with 2014. In Nokian Heavy Tyres, investments in production and new products helped to increase the production volume (tons) by 9% in comparison with 2014.

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 30 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 is 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 2015, approximately 80% 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 2015, contract manufacturing 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

Responsibility

Developments in various areas of sustainability

Responsibility is a natural part of our company's operations. It is not just a few sentences to decorate a report – responsibility involves sustainable product development, safe and environmentally friendly products, high-quality operations in all sub-areas, and taking various stakeholders into consideration. Responsibility is an important part of our management and action plans, and it manifests itself in our everyday work and choices.

We have reported on corporate responsibility matters since 2012 in compliance with the GRI guidelines. To increase transparency, openness, and reliability, our corporate responsibility report for 2015, will be published in spring 2016 on our website and is also confirmed. The report provides our stakeholders with a good means to monitor our operations and the impact of our actions on the surrounding world.

Value-based management

The high quality, safety, and environmental friendliness of our products are at the core of our operations, along with responsibly developing our company in all sub-areas. Responsibility means safety for us and environmentally friendly products, the most advanced processes in the industry, profitable growth, taking our stakeholders into consideration, and ensuring the well-being and safety of our personnel. In addition to compliance with laws and regulations, we have striven to surpass the limits set for our operations by doing things better than required and, thereby, set a good example for other companies in the tyre sector. In our company, responsible management encompasses everyday actions and it is an important part of our company culture, strategy, and objectives.

In 2015, we prepared a comprehensive three-year corporate responsibility development plan including more than 50 separate work packages. In the spring, we set up a working group on energy efficiency development that covers the entire Group and aims to increase the efficiency of energy usage in our processes and in all of our real estate, including the Vianor locations. One highly visible stage in the development of our corporate responsibility affairs was signing up to the UN's Global Compact initiative in December. Signing the initiative further strengthens our Group's commitment to profitable business and responsible methods.

Top quality – our common goal

We guarantee the high quality of our products by means of managed, effective, and closely monitored development, purchasing, and production processes. We all want to get our work done as well as possible and do what we can to ensure that the products and services are top quality. In 2015, we continued to make investments to further improve the quality of our products and operations. We want every customer to have a high-quality customer and user experience in every sub-area.

Work for the benefit of safety and the environment

Environmental and safety perspectives have been key factors in our product development, manufacturing, and marketing right from the very start. We aim to manage the environmental impact of our products throughout their entire life cycles and to take care of the safety, environmental, and quality perspectives of our operations in a comprehensive, methodical manner. We make major investments in the environmental friendliness of our products and processes and we always take environmental perspectives into consideration, from raw material procurement to product design, as well as finding practical applications for tyres that are no longer in use.

In 2015, we made major investments in developing the accuracy of processes, and we succeeded in reducing the amount of waste produced during car tyre production by nine percent compared with the previous year. Additionally, we improved chemical safety in both of our plants, we updated the environmental risk assessment for Nokian's plants, and we investigated the wastewater and odor emissions of our plant in Russia.

We promote product safety and personnel safety by means of risk management, continuous process development, and new investments. Development of our culture of safety continued fruitfully in terms of the number of safety observations and near-miss incidents. Reporting on both of these sub-areas improved, with reports of near-miss incidents increasing by more than 35 percent over the previous year. During the year, we also set up a Safety Management group, which handles any accidents that occur and other reported deviations day-to-day, and senior managers continued to carry out Safety Walk audits on our premises. We will continue to improve our safety vulture and build success responsibly.

Find out more in our comprehensive corporate responsibility report, which will be published online in Spring 2016.
http://www.nokiantyres.com/company/sustainability/

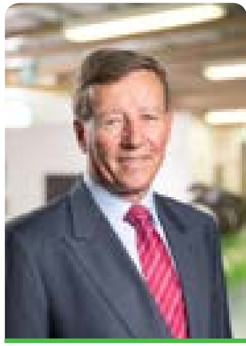
Board of Directors

31 December 2015

Look at all details of Board of Directors at
www.nokiantyres.com/board-of-directors

Petteri Walldén

Year of birth: 1948.
Master of Science (Engineering). Member of the Board since 2005 and Chairman. Chairman of the Nomination and Remuneration Committee.
Independent of the company.
Shares: 17,130 pcs.



Raimo Lind

Year of birth: 1953.
Master of Science (Economics).
Member of the Board since 2014.
Chairman of the Audit Committee.
Independent of the company.
Shares: 1,393 pcs.

Hille Korhonen

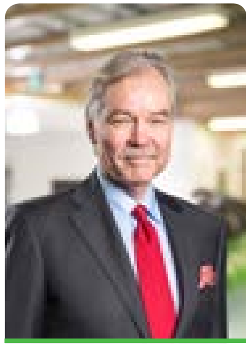
Year of birth: 1961.
Licentiate of Science (Technology).
President and CEO, Alko Inc.
Member of the Board since 2006.
Member of the Nomination and Remuneration Committee.
Independent of the company.
Shares: 7,264 pcs.

Inka Mero

Year of birth: 1976.
Master of Economics.
Co-Founder and Chairwoman, KoppiCatch Ltd.
Member of the Board since 2014.
Member of the Audit Committee.
Independent of the company.
Shares: 1,393 pcs.

Tapio Kuula

Year of birth: 1957.
M.Sc. (Econ), M.Sc. (Electrical Engineering), B.Sc. (Econ).
Member of the Board since 2015.
Member of the Audit Committee.
Independent of the company.
Shares: 5,696 pcs.



Hannu Penttilä

Year of birth: 1953.
Master of Laws.
Member of the Board since 1999. Member of the Nomination and Remuneration Committee.
Independent of the company.
Shares: 8,892 pcs.

Management
31 December 2015

Esa Eronen
Born 1957
Vice President, Supply Operations.
Technology Engineer.
With the company since 1988.

Andrei Pantioukhov
Born 1972
Russian operations,
General Manager, Vice President.
MBA.
With the company since 2004.

Antti-Jussi Tähtinen
Born 1965
Vice President, Marketing
& Communications.
Master of Arts.
With the company since 2005.

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

Heikki Mattsson
Born 1960
Vice President, ICT.
With the company since 2010

Ari Lehtoranta
Born 1963
President and CEO
M.Sc. Telecommunications.
With the company since 2014

Ville Nurmi
Born 1971
Vice President, Human Resources
Doctor of Education.
With the company since 2014.

Anne Leskelä
Born 1962
Vice President,
Finance and Control & IR.
Master of Economic Sciences.
With the company since 1997.

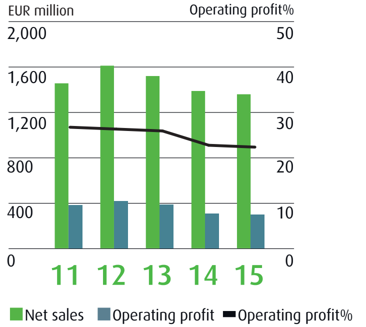
Teppo Huovila
Born 1963
Vice President, Quality and
Process Development.
Master of Science, MBA.
With the company since 1989.

Alexej von Bagh
Born 1968
Vice President, CEO of Vianor.
Master of Science (Eng.).
With the company since 1995.

Pontus Stenberg
Born 1966
Vice President, Sales.
Master of Economic Sciences.
With the company since 2010.

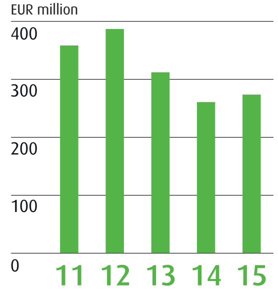
Look at details of Management at https://www.nokiantyres.com/company/investors/corporate-governance/the-groups-management-team/

Net sales, Operating profit and Operating profit%



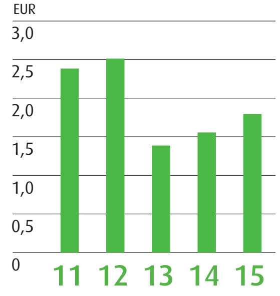
	2011	2012	2013	2014	2015
Net sales	1,456.8	1,612.4	1,521.0	1,389.1	1,360.1
Operating profit	380.1	415.0	385.5	308.7	296.0
Operating profit%	26.1	25.7	25.3	22.2	21.8

Profit before tax



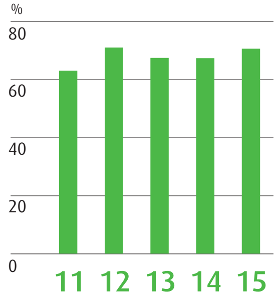
	2011	2012	2013	2014	2015
EUR million	359.2	387.7	312.8	261.2	274.2

Earnings per share



	2011	2012	2013	2014	2015
EUR	2.39	2.52	1.39	1.56	1.80

Equity ratio



	2011	2012	2013	2014	2015
%	63.2	71.2	67.6	67.5	70.8

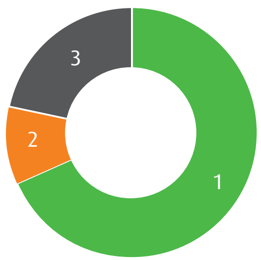
Net sales by market area

Share of Group's sales, %

	2014	2015
1. Finland	15%	16%
2. Sweden	13%	15%
3. Norway	12%	13%
4. Russia and CIS	26%	17%
5. Other Europe	24%	26%
6. North America	9%	12%

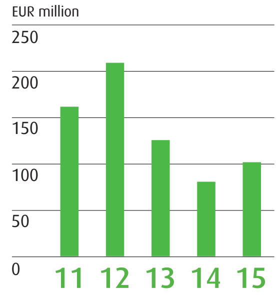
Net sales by business unit

Share of Group's sales, %



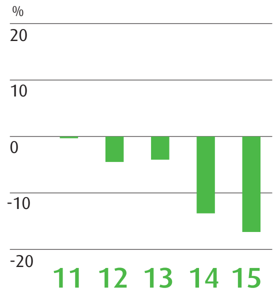
	2014	2015
1. Passenger Car Tyres	68%	66%
2. Heavy Tyres	10%	11%
3. Vianor	22%	23%

Gross investments



	2011	2012	2013	2014	2015
EUR million	161.7	209.2	125.6	80.6	101.7

Gearing



	2011	2012	2013	2014	2015
%	-0.3	-4.5	-4.1	-13.6	-16.9

EUR million | 1.1.–31.12.	Notes	2015	2014
Net sales	(1)	**1,360.1**	1,389.1
Cost of sales	(3)(6)(7)	**-733.7**	-769.6
Gross profit		**626.4**	619.5
Other operating income	(4)	**3.7**	3.4
Selling and marketing expenses	(6)(7)	**-256.2**	-246.5
Administration expenses	(6)(7)	**-35.3**	-34.5
Other operating expenses	(5)(6)(7)	**-42.6**	-33.2
Operating profit		**296.0**	308.7
Financial income	(8)	**200.9**	268.4
Financial expenses [1]	(9)	**-222.7**	-315.9
Profit before tax		**274.2**	261.2
Tax expense [2,3]	(10)	**-33.5**	-52.8
Profit for the period		**240.7**	208.4
Attributable to:			
Equity holders of the parent		**240.7**	208.4
Non-controlling interest		**-**	0.0
Earnings per share (EPS) for the profit attributable to the equity holders of the parent:	(11)		
Basic, euros		**1.80**	1.56
Diluted, euros		**1.80**	1.56

EUR million | 1.1.–31.12.	Notes	2015	2014
CONSOLIDATED OTHER COMPREHENSIVE INCOME			
Result for the period		**240.7**	208.4
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**	-1.9
Translation differences on foreign operations [4]		**-55.2**	-202.1
Total other comprehensive income for the period, net of tax		**-55.5**	-204.0
Total comprehensive income for the period		**185.2**	4.4
Total comprehensive income attributable to:			
Equity holders of the parent		**185.2**	4.4
Non-controlling interest		**-**	0.0

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. Financial expenses in 2014 contain EUR 1.6 million expensed punitive interest for tax reassessment decisions on years 2008-2012 of a group company.

2) Tax expense in 2015 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. Tax expense in 2014 contains EUR 9.4 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2008-2012 of a group company.

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

4) Since the beginning of year 2014 the Group has internal loans that are recognised as net investments in foreign operations in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”. The impact in 2015 is EUR -13.7 million and in 2014 EUR -10.0 million.

EUR million | 31.12.	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	(12)(13)	**485.0**	502.8
Goodwill	(2)(14)	**79.2**	73.3
Other intangible assets	(14)	**19.4**	19.8
Investments in associates	(16)	**0.1**	0.1
Available-for-sale financial assets	(16)	**0.3**	0.3
Other receivables	(15)(17)	**8.8**	10.0
Deferred tax assets	(18)	**7.5**	9.1
		600.2	615.4
Current assets			
Inventories	(19)	**271.3**	288.3
Trade and other receivables	(20)(29)	**441.1**	444.6
Current tax assets		**13.0**	8.9
Cash and cash equivalents	(21)	**429.3**	439.9
		1,154.6	1,181.6
Total assets	(1)	**1,754.8**	1,797.0

EUR million | 31.12.	Notes	2015	2014
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		**-8.6**	-8.6
Translation reserve		**-385.9**	-330.7
Fair value and hedging reserves		**-2.9**	-2.6
Paid-up unrestricted equity reserve		**133.0**	100.3
Retained earnings		**1,299.2**	1,243.2
		1,241.6	1,208.5
Non-controlling interest		**-**	-
Total equity		**1,241.6**	1,208.5
Liabilities			
Non-current liabilities	(24)		
Deferred tax liabilities	(18)	**25.7**	26.7
Provisions	(25)	**0.5**	0.1
Interest-bearing financial liabilities	(26)(27)(29)	**199.7**	274.7
Other liabilities		**2.1**	5.1
		228.0	306.5
Current liabilities			
Trade and other payables	(28)	**242.4**	259.9
Current tax liabilities		**20.0**	18.7
Provisions	(25)	**2.8**	2.8
Interest-bearing financial liabilities	(26)(27)(29)	**19.9**	0.6
		285.1	282.0
Total liabilities	(1)	**513.2**	588.5
Total equity and liabilities		**1,754.8**	1,797.0

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

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

EUR million | 1.1.–31.12.	2015	2014
Profit for the period	240,7	208,4
Adjustments for		
Depreciation, amortisation and impairment	100,4	98,6
Financial income and expenses	21,8	47,5
Gains and losses on sale of intangible assets, other changes	-10,5	-11,0
Income Taxes	33,5	52,8
Cash flow before changes in working capital	385,8	396,3
Changes in working capital		
Current receivables, non-interest-bearing, increase (-) / decrease (+)	-27,6	24,5
Inventories, increase (-) / decrease (+)	8,2	18,7
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	4,0	38,4
Changes in working capital	-15,4	81,6
Financial items and taxes		
Interest and other financial items, received	2,9	3,3
Interest and other financial items, paid	-49,8	-69,8
Dividens received	0,0	0,0
Income taxes paid	-40,0	-88,2
Financial items and taxes	-87,0	-154,6
Cash flow from operating activities (A)	283,4	323,4
Cash flows from investing activities		
Acquisitions of property, plant and equipment and intangible assets	-100,0	-81,7
Proceeds from sale of property, plant and equipment and intangible assets	1,4	3,2
Acquisitions of Group companies	-6,7	-5,8
Change in non-controlling interest	-	-0,3
Acquisitions of other investments	0,0	0,0
Cash flows from investing activities (B)	-105,3	-84,7

EUR million | 1.1.–31.12.	2015	2014
Cash flow from financing activities:		
Proceeds from issue of share capital	33,3	2,6
Purchase of treasury shares	-	-8,6
Change in current financial receivables, increase (-) / decrease (+)	-6,0	-8,0
Change in non-current financial receivables, increase (-) / decrease (+)	0,4	-3,4
Change in current financial borrowings, increase (+) / decrease (-)	48,5	62,2
Change in non-current financial borrowings, increase (+) / decrease (-)	-73,4	-79,6
Dividens received	0,4	0,4
Dividends paid	-193,5	-193,4
Cash flow from financing activities (C)	-190,2	-227,7
Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)	-12,2	11,0
Cash and cash equivalents at the beginning of the period	439,9	424,6
Effect of exchange rate fluctuations on cash held	1,6	4,3
Cash and cash equivalents at the end of the period	429,3	439,9

The consolidated statement of cash flows has been prepared using the indirect method in 2015. Previous year has been changed accordingly. The company has received a stay of execution from the Finnish Tax Administration for the collection of the tax increases based on the tax reassessment decisions on years 2007-2010. In spite of this stay of execution the Finnish Tax Administration has taken funds in accordance with these aforesaid decisions from company's tax account setting off company's other tax refunds. Financial items and taxes contain these set-offs by the Tax Administration in 2015 EUR 6.1 million, in 2014 EUR 37.0 million. The Board of Adjustment once already annulled the reassessment decisions in question and returned the assessments forreprocessing. The Tax Administration did not refund these set-offs, but did discontinue with additional ones. Finally the Tax Administration reprocessed the tax reassessment decisions, which amounts, less the previous set-offs, the company paid in 2016.

Annual General Meeting 2016

The Annual General Meeting of Nokian Tyres plc will be held at Tampere-talo, in Tampere, Finland; address Yliopistonkatu 55 on Tuesday 12 April 2016, starting at 4 p.m.

Registration of attendants, the distribution of ballots and a coffee service will begin at 2 p.m. Shareholders registered by no later than 31 March 2016 in the company's shareholder register, which is maintained by Euroclear Oy are entitled to attend the Annual General Meeting.

The Annual Report, including the company's annual accounts, the Report of the Board of Directors and the Auditors Report is available on the company's website no later than week 12, 2016.

Read more:
www.nokiantyres.com/annualgeneralmeeting2016

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.50 per share be paid for the financial year 2015. The record date for the dividend payment will be 14 April 2016 and the dividend payment date 28 April 2016, provided that the Board's proposal is approved.

Share register

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

Financial reports

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

- Interim Report for three months on 4 May 2016
- Interim Report for six months on 9 August 2016
- Interim Report for nine months on 1 November 2016
- Financial Statements Bulletin 2016 on 2 February 2017

Nokian Tyres publishes its Interim Reports, Financial Statements Bulletin and Annual Report 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.

Questions from analysts and investors:
Ari Lehtoranta, 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 & IPR Specialist
tel. +358 10 401 7641
email: info@nokiantyres.com
Fax: +358 10 401 7799

Address:
Nokian Tyres plc,
P.O. Box 20 (Visiting address: Pirkkalaistie 7),
FI-37101 Nokia

Nokian Tyres' share price development 1 January 2011 – 31 December 2015

Annual Report and Financial Review 2015

Nokian Tyres Annual Report and Financial Statements Bulletin/Financial Review 2015 are available only in electronic form on the company's web site. Above mentioned reports as well as contact details including analysts can be read from www.nokiantyres.com/company/investors/

Financial review | 2015

Financial review 2015

Financial Statements 2015

This report is a translation.
The original, which is in Finnish, is the authoritative version.

Consolidated key financial indicators

Figures in EUR million unless otherwise indicated	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net sales	**1,360.1**	1,389.1	1,521.0	1,612.4	1,456.8	1,058.1	798.5	1,080.9	1,025.0	835.9
growth, %	**-2.1%**	-8.7%	-5.7%	10.7%	37.7%	32.5%	-26.1%	5.5%	22.6%	21.8%
Operating margin (EBITDA)	**378.6**	398.5	479.0	496.9	451.7	291.5	164.0	303.1	281.1	193.9
Depreciation and amortisation	**82.6**	89.8	93.5	81.9	71.6	69.4	61.9	56.2	47.1	40.8
Operating profit (EBIT)	**296.0**	308.7	385.5	415.0	380.1	222.2	102.0	247.0	234.0	153.1
% of net sales	**21.8%**	22.2%	25.3%	25.7%	26.1%	21.0%	12.8%	22.8%	22.8%	18.3%
Profit before tax	**274.2**	261.2	312.8	387.7	359.2	208.8	73.5	173.8	213.8	139.3
% of net sales	**20.2%**	18.8%	20.6%	24.0%	24.7%	19.7%	9.2%	16.1%	20.9%	16.7%
Return on equity, %	**19.6%**	16.0%	13.0%	25.2%	29.1%	20.0%	7.6%	18.8%	26.6%	20.9%
Return on capital employed, %	**20.3%**	19.2%	21.8%	24.3%	27.4%	19.9%	9.4%	22.9%	27.8%	22.7%
Total assets	**1,754.8**	1,797.0	2,062.9	2,019.6	1,875.9	1,371.6	1,221.9	1,420.4	1,155.4	884.7
Interest-bearing net debt	**-209.7**	-164.6	-56.4	-65.2	-3.6	0.7	263.7	319.0	102.0	126.9
Equity ratio, %	**70.8%**	67.5%	67.6%	71.2%	63.2%	68.4%	62.0%	54.8%	61.8%	63.0%
Gearing, %	**-16.9%**	-13.6%	-4.1%	-4.5%	-0.3%	0.1%	34.8%	41.0%	14.3%	22.8%
Net cash from operating activities	**283.4**	323.4	317.6	388.7	232.9	327.2	194.2	18.4	169.9	106.6
Capital expenditure	**101.7**	80.6	125.6	209.2	161.7	50.5	86.5	181.2	117.1	97.0
% of net sales	**7.5%**	5.8%	8.3%	13.0%	11.1%	4.8%	10.8%	16.8%	11.4%	11.6%
R&D expenditure	**18.7**	16.6	16.1	16.9	15.1	12.7	12.0	12.5	11.5	9.0
% of net sales	**1.4%**	1.2%	1.1%	1.0%	1.0%	1.2%	1.5%	1.2%	1.1%	1.1%
Dividends (proposal)	**201.6**	193.5	193.3	191.9	156.6	83.8	50.7	49.9	62.3	38.0
Personnel, average during the year	**4,421**	4,272	4,194	4,083	3,866	3,338	3,503	3,812	3,462	3,234

Per share data

Figures in EUR million unless otherwise indicated	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Earnings per share, EUR	**1.80**	1.56	1.39	2.52	2.39	1.34	0.47	1.12	1.37	0.88
growth, %	**15.1%**	12.9%	-45.0%	5.4%	78.7%	186.9%	-58.4%	-18.3%	55.7%	27.0%
Earnings per share (diluted), EUR	**1.80**	1.56	1.39	2.46	2.32	1.32	0.49	1.10	1.31	0.86
growth, %	**15.0%**	12.9%	-43.5%	5.8%	75.8%	168.2%	-55.4%	-15.6%	52.6%	26.9%
Cash flow per share, EUR	**2.12**	2.43	2.39	2.96	1.80	2.58	1.56	0.15	1.38	0.88
growth, %	**-12.7%**	1.4%	-19.2%	64.2%	-30.1%	66.0%	953.2%	-89.3%	57.7%	243.7%
Dividend per share, EUR (proposal)	**1.50**	1.45	1.45	1.45	1.20	0.65	0.40	0.40	0.50	0.31
Dividend pay out ratio, % (proposal)	**83.7%**	92.9%	105.2%	58.0%	50.7%	49.4%	87.0%	35.7%	36.9%	35.4%
Equity per share, EUR	**9.24**	9.07	10.45	10.89	9.15	7.34	6.07	6.20	5.76	4.56
P/E ratio	**18.4**	13.0	25.2	11.9	10.4	20.5	36.4	7.0	17.5	17.6
Dividend yield, % (proposal)	**4.5%**	7.1%	4.2%	4.8%	4.8%	2.4%	2.4%	5.1%	2.1%	2.0%
Market capitalisation 31 December	**4,448.3**	2,702.0	4,647.7	3,971.9	3,224.7	3,505.4	2,122.5	987.5	2,974.9	1,893.9
Adjusted number of shares during the year average, million units	**133.63**	133.16	132.65	131.24	129.12	126.75	124.85	124.61	122.95	121.63
diluted, million units	**133.74**	135.10	137.62	137.39	135.70	132.96	129.76	131.47	129.09	125.15
Number of shares 31 December, million units	**134.39**	133.17	133.29	131.96	129.61	127.70	124.85	124.85	123.70	122.03
Number of shares entitled to a dividend, million units	**134.39**	133.47	133.34	132.32	130.50	128.85	126.69	124.85	124.63	122.65

Consolidated key financial indicators

Definitions

Return on equity, % =	$\frac{\text{Profit for the period x 100}}{\text{Total equity (average)}}$
Return on capital employed, % =	$\frac{\text{Profit before tax + interest and other financial expenses x 100}}{\text{Total assets - non-interest-bearing debt (average)}}$
Equity ratio, % =	$\frac{\text{Total equity x 100}}{\text{Total assets - advances received}}$
Gearing, % =	$\frac{\text{Interest-bearing net debt x 100}}{\text{Total equity}}$
Earnings per share, EUR =	$\frac{\text{Profit for the period attributable to the equity holders of the parent}}{\text{Average adjusted number of shares}^{1}\text{ during the year}}$
Earnings per share (diluted[2]), EUR =	$\frac{\text{Profit for the period attributable to the equity holders of the parent}}{\text{Average adjusted and diluted}^{2}\text{ number}^{1}\text{ of shares during the year}}$
Cash flow per share, EUR =	$\frac{\text{Cash flow from operations}}{\text{Average adjusted number of shares}^{1}\text{ during the year}}$
Dividend per share, EUR =	$\frac{\text{Dividend for the year}}{\text{Number of shares entitled to a dividend}}$
Dividend pay-out ratio, % =	$\frac{\text{Dividend for the year x 100}}{\text{Net profit}}$
Equity per share, EUR =	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Adjusted number of shares}^{1}\text{ on the balance sheet date}}$
P/E ratio =	$\frac{\text{Share price, 31 December}}{\text{Earnings per share}}$
Dividend yield, % =	$\frac{\text{Dividend per share}}{\text{Share price, 31 December}}$

[1] without treasury shares
[2] the share options affect the dilution as the average share market price for the financial year exceeds the defined subscription price

Nokian Tyres net sales decreased by 2.1% to EUR 1,360.1 million (EUR 1,389.1 million in 2014). Currency rate changes cut net sales by EUR 69.3 million compared with the rates in 2014. Operating profit was down by 4.1% to EUR 296.0 million (308.7). Operating profit percentage was 21.8% (22.2%). Profit for the period increased by 15.5% amounting to EUR 240.7 million (208.4). Earnings per share were up by 15.1% to EUR 1.80 (1.56). Cash flow from operations was EUR 311.1 million (458.3). The Board of Directors proposes a dividend of EUR 1.50 (1.45) per share.

Ari Lehtoranta, President and CEO:

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

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

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

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

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

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

Market situation

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

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

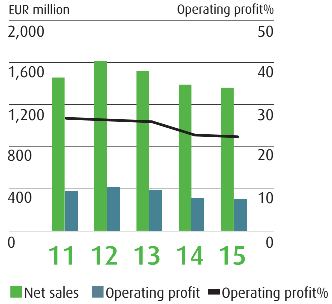
In Europe sales of new cars increased in 2015 by 9% year-over-year. Car tyre sell-in to distributors was up 3% compared with 2014, with winter tyre demand decreasing by 2%. Overall tyre demand is estimated to grow slightly in Central Europe in 2016. Pricing pressure is, however, tight.

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

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

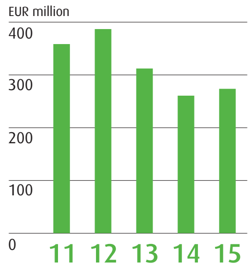
Sales of new cars in Russia in 2015 reached 1.601 million units, down by 35.7% vs. 2014. The decline in December (-45.7%) was higher than in the previous months, as expected, due to the peak in sales in December 2014 driven by the sharp devaluation of the ruble

Net sales, operating profit and operating profit%



	2011	2012	2013	2014	2015
Net sales	1,456.8	1,612.4	1,521.0	1,389.1	1,360.1
Operating profit	380.1	415.0	385.5	308.7	296.0
Operating profit%	26.1	25.7	25.3	22.2	21.8

Profit before tax



	2011	2012	2013	2014	2015
EUR million	359.2	387.7	312.8	261.2	274.2

and consumers' flight from the ruble. Car manufacturers have muted expectations for 2016. Their joint forecast for the year is 1.53 million units, further 4.4% decline from 2015, although many experts expect a bigger slump in sales, up to -25%. Nokian Tyres estimates new car sales in Russia to decline approximately 10 – 25%. Tyre market (sell-in in A+B segments) is estimated to have declined by approximately 20%, with continued shift towards cheaper segments and decrease of imports by 32%.

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

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

In 2015 the global GDP is estimated to have grown by 3.1%. The GDP growth estimates for Nordic countries were -0.2 – 3.7 and for Europe (including Nordics) 1.5%. The GDP in USA grew by 2.5%. In Russia the GDP declined by 3.7% in 2015.

Raw materials

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

Review January-December 2015

Nokian Tyres Group recorded net sales of EUR 1,360.1 million (2014: 1,389.1; 2013: 1,521.0), showing a decrease of 2.1% compared with 2014. Currency rate changes cut net sales by EUR 69.3 million. In the Nordic countries sales increased by 4.7% representing 43.6% (40.3%) of the Group's total sales. Sales in Russia decreased by 34.8%. Russia and CIS consolidated sales were down by 34.0% and formed 17.4% (25.5%) of the Group's total sales. In Other Europe sales increased by 4.7% representing 26.4% (24.4%) of the Group's total sales. In North America sales increased by 25.1% and were 11.8% (9.1%) of the Group's total sales.

Sales of Passenger Car Tyres were down by 5.2% representing 66.3% (68.4%) of the Group's total sales. Heavy Tyres' sales increased by 4.2% and were 10.8% (10.2%) of the Group's total sales. Vianor's sales increased by 4.1% forming 22.8% (21.5%) of the Group's total sales.

The raw material cost (EUR/kg) in manufacturing decreased by 13.1 year-over-year. Fixed costs amounted to EUR 403.8 million (400.0), accounting for 29.7% (28.8%) of net sales. Total salaries and wages were EUR 197.1 million (2014: 195.4; 2013: 189.6).

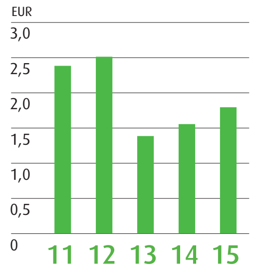
Nokian Tyres Group's operating profit amounted to EUR 296.0 million (2014: 308.7; 2013: 385.5). The operating profit was negatively affected by the IFRS 2 -compliant option scheme accrual of EUR 9.1 million (9.6) and the recognition of credit losses and provisions of EUR 17.7 million (8.8). Operating profit percentage was 21.8% (2014: 22.2%; 2013: 25.3%).

Net financial expenses were EUR 21.8 million (47.5). Net interest expenses were EUR 10.7 million (16.7). Financial expenses have been adjusted with a EUR 20.2 million reversal of interest on back tax as the reassessment decisions on the years 2007–2010 were annulled and returned to the Tax Administration for reprocessing in April 2015. Net interest expenses include EUR 19.2 million penalty interest related to the ongoing tax dispute of 2007–2010 and based on the renewed reassessment decisions from the Tax Administration received in December 2015 and January 2016. Financial expenses include EUR 2.7 million premium related to Nokian Tyres voluntary buy-back of company's bond maturing 2017 amounting to EUR 62.3 million. Net financial expenses include EUR 11.1 million (30.8) in exchange rate differences.

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

Return on net assets (RONA, rolling 12 months) was 18.5% (18.3%). Return on equity was 19.6% (2014: 16.0%; 2013: 13.0%). Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow from operations) was EUR 311.1 million (458.3).

Earnings per share



	2011	2012	2013	2014	2015
EUR	2.39	2.52	1.39	1.56	1.80

In 2015 the Company was forced to reduce capacity at the Nokian plant. This resulted in reduction of 122 employees. In 2015 the Group employed an average of 4,421 (2014: 4,272; 2013: 4,194) people, and 4,389 (2014: 4,204; 2013: 4,170) at the end of the review period. Despite of the above-mentioned reductions, the headcount in Finland increased and the Group employed in Finland 1,732 (2014: 1,657; 2013: 1,689) people at the end of the review period, and in Russia 1,327 (2014: 1,326; 2013: 1,319) people. The main increase took place in the equity-owned Vianor tyre chain, which employed 1,681 (2014: 1,508; 2013: 1,480) people at the end of the review period.

Research & Development

The goal of Nokian Tyres is for new products to account for at least 25% of annual net sales. The development of a brand-new passenger car tyre takes 2 to 4 years. Approximately one-half of R&D investments are allocated to product testing. Nokian Tyres R&D costs in 2015 totalled approximately EUR 18.7 million (2014: 16.6; 2013: 16.1), which is 1.4% (2014: 1.2%; 2013: 1.1%) of the Group's net sales.

Investments

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

Financial position on 31 December 2015

The gearing ratio was -16.9% (-13.6%). Interest-bearing net debt amounted to EUR -209.7 million (-164.6). Equity ratio was 70.8% (2014: 67.5%; 2013: 67.6%).

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

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

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

Tax rate

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

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

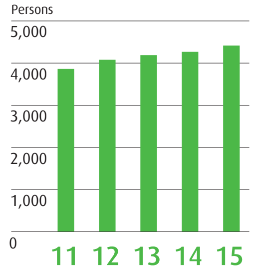
Dispute concerning 2007–2010

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

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

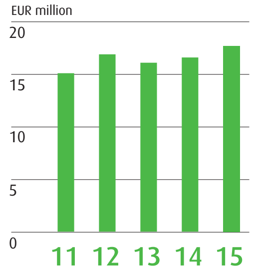
In December 2015 and in January 2016 the Company received renewed reassessment decisions from the Tax Administration, according to which the Company is obliged to pay EUR 94.1 million additional taxes with punitive tax increases and interests concerning tax years 2007–2010. Payment was due in January 2016. The total sum demanded by the tax authorities is EUR 94.1 million, of which EUR 62.8 million are additional taxes and EUR 31.3 million punitive tax increases and interests. Based on the renewed reassessment decisions the Company has recorded the total additional taxes of

Average number of personnel



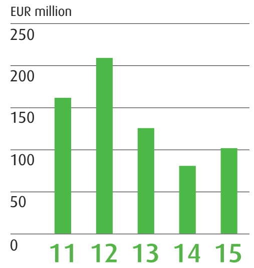
	2011	2012	2013	2014	2015
Persons	3,866	4,083	4,194	4,272	4,421

R&D expenses



	2011	2012	2013	2014	2015
EUR million	15.1	16.9	16.1	16.6	18.7

Gross investments



	2011	2012	2013	2014	2015
EUR million	161.7	209.2	125.6	80.6	101.7

EUR 94.1 million as expenses in full in the financial statement and result for 2015.

The Tax Administration states in the reasoning of its decision concerning 2007–2010, that the transfer pricing was market-based with all other but the Russian subsidiaries. According to the Tax Administration the success of Russian business is not based on the modern and efficient production plant in Russia combined with the sales and logistic network covering whole Russia. The Tax Administration considers the Russian plant as a low risk contract manufacturer. The Tax Administration has ruled that a significant part of the Russian subsidiaries' profits should be added to Nokian Tyres' taxable income in Finland. In practice this leads to double taxation of income, which is contrary to existing tax agreements. The Company considers the decision unfounded and appeals against it by leaving the claim to the Board of Adjustment and, if necessary, the Company will continue the appeal process in the Administrative Court.

Dispute concerning U.S subsidiary 2008–2012

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

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

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

BUSINESS UNIT REVIEWS

Passenger Car Tyres

Net sales of Nokian Passenger Car Tyres totalled EUR 951.5 million (1,003.2), down by 5.2% compared to 2014. Operating profit was EUR 285.5 million (292.2). Operating profit percentage was 30.0% (29.1%). RONA, % (r. 12 months) was 27.8% (23.5%).

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

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

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

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

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

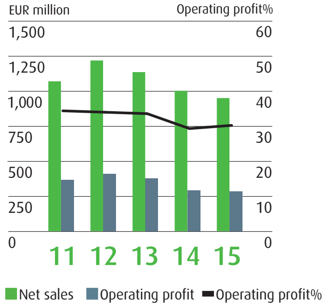
Heavy Tyres

Net sales of Nokian Heavy Tyres totalled EUR 155.3 million (149.1), up by 4.2% compared to 2014. Operating profit was EUR 28.7 million (24.6). Operating profit percentage was 18.5% (16.5%). RONA, % (r. 12 months) was 28.9% (22.9%).

Demand remained at a good level in the western markets in most of Nokian Heavy Tyres' core product groups. The delivery capacity improved year-over-year, resulting in higher net sales. Forestry tyre sales remained on a good level and other product groups developed moderately. North America showed the strongest sales growth and the outlook for the start of the year is good.

NOKIAN PASSENGER CAR TYRES

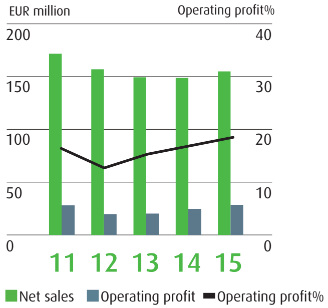
Net sales, Operating profit and Operating profit%



	2011	2012	2013	2014	2015
Net sales	1,071.1	1,220.1	1,137.0	1,003.2	951.5
Operating profit	365.1	410.8	378.5	292.2	285.5
Operating profit%	34.1	33.7	33.3	29.1	30.0

NOKIAN HEAVY TYRES

Net sales, Operating profit and Operating profit%



	2011	2012	2013	2014	2015
Net sales	172.1	157.3	149.7	149.1	155.3
Operating profit	28.2	19.9	20.4	24.6	28.7
Operating profit%	16.4	12.7	13.6	16.5	18.5

Also the Nordic countries and Other Europe showed growth. Weak economies and currency devaluations against the euro weakened Russia and CIS sales.

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

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

A restructuring of the Heavy Tyres operation to include also the Truck Tyre business unit was done in the end of 2013 and the new organisation became effective from the beginning of 2014, creating synergies in all operations.

Vianor

Equity-owned operations

Net sales totalled EUR 327.6 million (314.8), up by 4.1% compared to 2014. Operating profit was EUR -1.9 million (2.1). Operating profit percentage was -0.6% (0.7%). RONA, % (r. 12 months) was -1.0% (1.2%).

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

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

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

Franchising and partner operations

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

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

Russia and the CIS countries

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

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

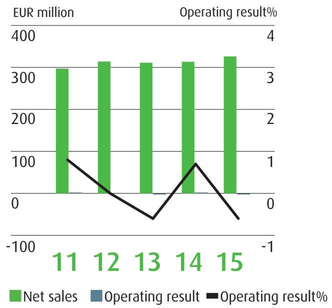
The sell-out of winter tyres in the 2015 season (in the overall market, including Nokian Tyres products) was very weak due to the lack of proper winter season in most regions of Russia. This resulted some carry-over stocks of winter tyres in distribution, which will negatively affect further sell-in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

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

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

VIANOR

Net sales, Operating result and Operating result%



	2011	2012	2013	2014	2015
Net sales	298.4	315.3	312.5	314.8	327.6
Operating result	2.3	0.0	-1.8	2.1	-1.9
Operating result%	0.8	0.0	-0.6	0.7	-0.6

OTHER MATTERS

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

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

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

2. Shares subscribed with option rights
After 20 August 2014 registered new shares a total of 540 Nokian Tyres plc's shares have been subscribed with the 2010B option rights. These option rights are attached to the Nokian Tyres plc's Option Program of 2010. New shares have been registered into the Trade Register on 18 May 2015, as of which date the new shares will establish shareholder rights. The share capital did not increase with subscriptions made by 2010 option rights. The entire subscription price of EUR 14,769 was entered in the invested unrestricted equity reserve. As a result of the share subscriptions, the number of Nokian Tyres plc shares increased to 133,471,373 shares. The shares were traded on the Nasdaq Helsinki Ltd together with the old shares as of 19 May 2015.

After 18 May 2015 registered new shares a total of 1,219,601 Nokian Tyres plc's shares have been subscribed with the 2010B option rights, a total of 80 shares with the 2010C option rights and a total of 80 shares with the 2013A option rights. These option rights are attached to the Nokian Tyres plc's Option Programs of 2010 and 2013. New shares have been registered into the Trade Register on 18 August 2015, as of which date the new shares established shareholder rights. The share capital did not increase with subscriptions made by 2010 and 2013 option rights. The entire subscription price of EUR 33,360,912.15 was entered in the invested unrestricted equity reserve. As a result of the share subscriptions, the number of Nokian Tyres plc shares increased to 134,691,134 shares. The shares were traded on the Nasdaq Helsinki Ltd together with the old shares as of 19 August 2015.

After 18 August 2015 registered new shares a total of 40 Nokian Tyres plc's shares have been subscribed with the 2013A option rights. These option rights are attached to the Nokian Tyres plc's Option Program of 2013. New shares have been registered into the Trade Register on 22 December 2015, as of which date the new shares established shareholder rights. The share capital did not increase with subscriptions made by 2013 option rights. The entire subscription price of EUR 1,174.40 was entered in the invested unrestricted equity reserve. As a result of the share subscriptions, the number of Nokian Tyres plc shares increased to 134,691,174 shares. The shares were traded on the Nasdaq Helsinki Ltd together with the old shares as of 23 December 2015.

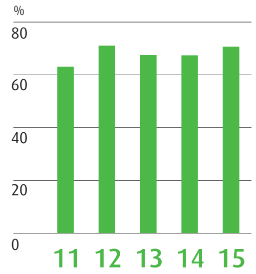
3. Authorizations
In 2012 the Annual General Meeting authorized the Board of Directors to make a decision to offer no more than 25,000,000 shares through a share issue. The authorization is effective for five years from that decision.

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

Nokian Tyres has entered into an agreement with a third-party service provider concerning the share-based incentive program for key personnel. The third party owns the shares until the shares are given to the participants within the program. In accordance with IFRS these repurchased 300,000 shares have been reported as treasury shares in the Consolidated Statement of Financial Position. This number of shares corresponds to 0.2% of the total shares and voting rights of the company.

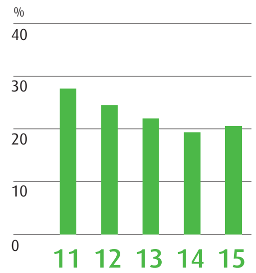
5. Trading in shares
The Nokian Tyres' share price was EUR 33.10 (20.29) at the end of the review period. The volume weighted average share price during the period was EUR 28.06 (26.74), the highest EUR 37.57 (36.19) and the lowest EUR 19.23 (18.82). A total of 195,229,321 shares were traded in Nasdaq Helsinki during the period (216,446,904),

Equity ratio



	2011	2012	2013	2014	2015
%	63.2	71.2	67.6	67.5	70.8

Return on net assets ROI



	2011	2012	2013	2014	2015
%	27.4	24.3	21.8	19.2	20.3

representing 145% (162%) of the company's overall share capital. A total of 83,198,786 shares were traded in Chi-X during the period. The company's market capitalization at the end of the period was EUR 4.458 billion (2.708 billion).The company had 38,304 (50,142) shareholders. The percentage of Finnish shareholders was 27.5% (39.1%) and 72.5% (60.9%) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's holding of approximately 14.9%.

6. Changes in ownership

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

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

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

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

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

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

7. Decisions made at the Annual General Meeting

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

7.1 Dividend

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

7.2. Members of the Board of Directors and Auditor

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

Authorised public accountants KPMG Oy Ab continue as auditors.

7.3. Remuneration of the Members of the Board of Directors

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

In accordance with current practice, 50% of the annual fee is paid in cash and 50% in company shares. It was decided, that in the period 9 April to 30 April 2015, EUR 40,000 worth of Nokian Tyres plc shares be purchased on the stock exchange on behalf of the Chairman of the Board and EUR 20,000 worth of shares on behalf of each Board member. This means that the final remuneration paid to Board members is tied to the company's share performance.

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

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

9. Corporate social responsibility

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

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

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

The evaluations reviews the corporate responsibility of the companies' operations from 18 different perspectives including environmental affairs, human rights, accountability in the procurement chain, and safety in the workplace.

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

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

On 7 April 2015 Nokian Tyres announced that the Board of Adjustment had annulled the reassessment decision from the Tax Administration, and that the Company would return the 2007–2010 total additional taxes of EUR 100.3 million in full to the financial statement and result for the first quarter of 2015.

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

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

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

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

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

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

14. Voluntary tender offer of Nokian Tyres EUR 150,000,000 3.25 percent notes due 2017
On 28 August 2015 Nokian Tyres announced a voluntary cash tender offer for noteholders holding its EUR 150,000,000 3.25 percent senior unsecured notes issued on 19 July 2012 (FI4000046370). The approximate nominal amount of notes tendered under the tender offer was EUR 75,000,000.

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

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

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

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

17. Capital Markets Day 2015: Back to profitable growth, Financial targets and dividend policy set for 2016–2018
On 17 November Nokian Tyres hosted Capital Markets Day for investors and analysts in Helsinki, Finland. The event focused on Nokian Tyres' strategy and financial targets for 2016–2018. All CMD materials can be found at http://www.nokiantyres.com/cmd/.

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

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

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

Corporate Governance Statement

A separate corporate Governance Statement has been issued and published in connection with the publishing of the Report by the Board of Directors. Statement is available on pages 63-67 in this report as well as on the company's website www.nokiantyres.com/company/investors/corporate-governance/.

Risk management

The Group has adopted a risk management policy, approved by the Board of Directors, which supports the achievement of strategic goals and ensures continuity of business. The Group's risk management policy focuses on managing both the risks pertaining to business opportunities and the risks affecting the achievement of the Group's goals in the changing operating environment.

The risks are classified as strategic, operational, financial, and hazard risks. Strategic risks are related to customer relationships, competitors' actions, political risks, country risks, brand, R&D, and investments. Operational risks arise as a consequence of shortcomings or failures in the company's internal processes, actions by its personnel or systems, or external events, such as legislative changes, unpredictable rulings by judicial systems or authorities, or changes in raw material prices. Financial risks (Note 29) are related to fluctuations in interest rates and currency markets, refinancing, and counterparty risks. Hazard risks are risks that may lead to injuries, property damage, production outages, environmental impacts, or liabilities to third parties.

The most significant risks related to Nokian Tyres' business are the country risks related to the Russian business environment, reputation risks, product and R&D risks, production outage risks, currency risks, and governance and data administration risks. Due to the company's product strategy, interruption risks that are related to marketing and logistics may have a significant impact especially on peak season sales.

The risk management process aims to identify and evaluate the risks and to plan and implement practical measures for each risks. Among other things, such measures may include avoiding the risk, reducing it in different ways or transferring the risk through insurance or agreements. Control functions and actions are control or back-up procedures applied to reduce risks and ensure the completion of risk management measures.

Risk management is not assigned to a separate organization; its tasks follow the general distribution of responsibilities adopted elsewhere in the organization and its business activities. The Company's Board of Directors discusses the risks annually in connection with the strategic process.

Risk, uncertainty and dispute in the near future

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

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

Around 40% of the Group's net sales in 2016 are estimated to be generated from Euro-denominated sales. The most important sales currencies in addition to the euro are the Russian ruble, the Swedish and Norwegian krona, and the US and Canadian dollar.

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

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

Tax disputes

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

Personnel and safety

The activity, initiative, and internal entrepreneurship of our personnel support developing competence, improving productivity, and implementing the strategy throughout the Group.

At Nokian Tyres, everyone has an opportunity for further personal growth and development. We support internal job rotation with internal recruitment and resource surveys. The company emphasizes on-the-job learning and learning from others. Our investments in the development of competence include language training, vocational degrees, tailored training, and network training, among others. One key tool for developing competence is the Hakkapeliitta eAcademy, our online training portal, which we revamped in 2015. Personnel well-being is supported by preventive occupational healthcare and our "early caring" model that aims to support people who have a risk of reduced working ability. In addition to this, we support well-being at work through diverse sports and club activities, personnel events, supporting inventiveness, and enabling individual working time arrangements.

Managers have an important role in reaching the company's goals as well as building the company culture and supporting well-being at work. The performance evaluation model for our People Reviews was renewed in 2015. The task complexity classification was also expanded to apply to the entire Group. Furthermore, the principles for the Group's leadership were defined and their practical implementation was started. The Hakkapeliitta Leader simulation game was particularly successful and it was taken by practically all supervisors. Another tool that was globally commissioned during the year was the 360° supervisor evaluation model tailored to Nokian Tyres' leadership principles.

In 2015, Nokian Tyres Plc had to cut over 100 jobs. In order to ensure that these employees find new employment, the company started a program that supports individuals through different paths in order to help them find their new place in the job market.

The number of accidents in the Group decreased compared to the previous year and our campaigns had a positive impact on safety culture: we improved the reporting rate of near misses and safety observations. In 2015, the use of personal protective equipment was a special area of emphasis in all of the business units. We carried out our safety reviews as planned and made significant efforts in terms of the investigation of accidents. Safety culture was developed by sharing information concerning the events between the units and by continuing to report accidents to the management.

Environmental protection

At Nokian Tyres, the management of environmental and chemical safety is assigned to Quality and Process Development. The goals include accident prevention in all areas of operation, uninterrupted production, and good corporate citizenship. When developing our operations, we apply best practices and advanced solutions while taking into account both economic factors and human values. Nokian Tyres promotes safety through risk management, continuous improvement of processes, and new investments.

Our factories in Nokia and Vsevolozhsk as well as our Swedish sales company Nokian Däck are certified to the ISO 14001 environmental management system standard and the ISO 9001 quality management system standard. The company's factories received the automotive industry's ISO/TS 16949 approval in 2013.

The long-term development of safety and environmental aspects make Nokian Tyres a pioneer of the tyre industry. Our products feature advanced solutions that improve the rolling resistance of tyres (thereby reducing fuel consumption and CO_2 emissions) or soil compaction in farming and forestry. The company was also the first tyre manufacturer in the world to discontinue the use of high aromatic (HA) oils in rubber compounds (already in 2005); its example accelerated the use of purified, low aromatic oils in tyre manufacturing in Europe. In 2010, the sales and import of all tyres containing HA oils was banned within the EU.

The outset for our environmental protection is the lifecycle approach: we take responsibility for the environmental effects of our products throughout their lifespan. Nokian Tyres strongly focuses on the eco-friendliness of its products and processes. The company is also a shareholder in Finnish Tyre Recycling Ltd, a company for the collection and utilization of used tyres in Finland.

We reduced the environmental impact of our production compared to the previous year. A new incineration plant that reduces VOC emissions was commissioned in Nokia in February 2015. In 2015, the Group especially focused on improving chemical safety across the group and increasing employee awareness by means of training, for example. The updating of the environmental risk assessments was also started. Our production facilities continued to focus on the recycling of waste; their utilization rate was 98.9% in our Nokia factory and 83.8% in our Vsevolozhsk facilities. For more information concerning the management of environmental matters, please see the Corporate Sustainability Report published in the spring of 2015. The report is available at https://www.nokiantyres.com/company/sustainability/.

The Corporate Sustainability Report for 2015 will be published in March 2016.

Outlook for 2016

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

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

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

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

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

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

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

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

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

Financial guidance

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

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

The distributable funds in the Parent company total EUR 575.6 million.

The Board of Directors proposes to the Annual General Meeting that the distributable funds be used as follows:

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

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

Nokia, 5 February 2016
Nokian Tyres plc
Board of Directors

EUR million | 1.1.–31.12.	Notes	2015	2014
Net sales	(1)	**1,360.1**	1,389.1
Cost of sales	(3)(6)(7)	**-733.7**	-769.6
Gross profit		**626.4**	619.5
Other operating income	(4)	**3.7**	3.4
Selling and marketing expenses	(6)(7)	**-256.2**	-246.5
Administration expenses	(6)(7)	**-35.3**	-34.5
Other operating expenses	(5)(6)(7)	**-42.6**	-33.2
Operating profit		**296.0**	308.7
Financial income	(8)	**200.9**	268.4
Financial expenses [1]	(9)	**-222.7**	-315.9
Profit before tax		**274.2**	261.2
Tax expense [2,3]	(10)	**-33.5**	-52.8
Profit for the period		**240.7**	208.4
Attributable to:			
Equity holders of the parent		**240.7**	208.4
Non-controlling interest		**-**	0.0
Earnings per share (EPS) for the profit attributable to the equity holders of the parent:	(11)		
Basic, euros		**1.80**	1.56
Diluted, euros		**1.80**	1.56

EUR million | 1.1.–31.12.	Notes	2015	2014
CONSOLIDATED OTHER COMPREHENSIVE INCOME			
Result for the period		**240.7**	208.4
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**	-1.9
Translation differences on foreign operations [4]		**-55.2**	-202.1
Total other comprehensive income for the period, net of tax		**-55.5**	-204.0
Total comprehensive income for the period		**185.2**	4.4
Total comprehensive income attributable to:			
Equity holders of the parent		**185.2**	4.4
Non-controlling interest		**-**	0.0

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. Financial expenses in 2014 contain EUR 1.6 million expensed punitive interest for tax reassessment decisions on years 2008–2012 of a group company.

2) Tax expense in 2015 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. Tax expense in 2014 contains EUR 9.4 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2008–2012 of a group company.

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

4) Since the beginning of year 2014 the Group has internal loans that are recognised as net investments in foreign operations in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". The impact in 2015 is EUR -13.7 million and in 2014 EUR -10.0 million.

EUR million | 31.12.	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	(12)(13)	**485.0**	502.8
Goodwill	(2)(14)	**79.2**	73.3
Other intangible assets	(14)	**19.4**	19.8
Investments in associates	(16)	**0.1**	0.1
Available-for-sale financial assets	(16)	**0.3**	0.3
Other receivables	(15)(17)	**8.8**	10.0
Deferred tax assets	(18)	**7.5**	9.1
		600.2	615.4
Current assets			
Inventories	(19)	**271.3**	288.3
Trade and other receivables	(20)(29)	**441.1**	444.6
Current tax assets		**13.0**	8.9
Cash and cash equivalents	(21)	**429.3**	439.9
		1,154.6	1,181.6
Total assets	(1)	**1,754.8**	1,797.0

EUR million | 31.12.	Notes	2015	2014
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		**-8.6**	-8.6
Translation reserve		**-385.9**	-330.7
Fair value and hedging reserves		**-2.9**	-2.6
Paid-up unrestricted equity reserve		**133.0**	100.3
Retained earnings		**1,299.2**	1,243.2
		1,241.6	1,208.5
Non-controlling interest		**-**	-
Total equity		**1,241.6**	1,208.5
Liabilities			
Non-current liabilities	(24)		
Deferred tax liabilities	(18)	**25.7**	26.7
Provisions	(25)	**0.5**	0.1
Interest-bearing financial liabilities	(26)(27)(29)	**199.7**	274.7
Other liabilities		**2.1**	5.1
		228.0	306.5
Current liabilities			
Trade and other payables	(28)	**242.4**	259.9
Current tax liabilities		**20.0**	18.7
Provisions	(25)	**2.8**	2.8
Interest-bearing financial liabilities	(26)(27)(29)	**19.9**	0.6
		285.1	282.0
Total liabilities	(1)	**513.2**	588.5
Total equity and liabilities		**1,754.8**	1,797.0

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

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

EUR million | 1.1.–31.12.	2015	2014
Profit for the period	240.7	208.4
Adjustments for		
Depreciation, amortisation and impairment	100.4	98.6
Financial income and expenses	21.8	47.5
Gains and losses on sale of intangible assets, other changes	-10.5	-11.0
Income Taxes	33.5	52.8
Cash flow before changes in working capital	385.8	396.3
Changes in working capital		
Current receivables, non-interest-bearing, increase (-) / decrease (+)	-27.6	24.5
Inventories, increase (-) / decrease (+)	8.2	18.7
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	4.0	38.4
Changes in working capital	-15.4	81.6
Financial items and taxes		
Interest and other financial items, received	2.9	3.3
Interest and other financial items, paid	-49.8	-69.8
Dividens received	0.0	0.0
Income taxes paid	-40.0	-88.2
Financial items and taxes	-87.0	-154.6
Cash flow from operating activities (A)	283.4	323.4
Cash flows from investing activities		
Acquisitions of property, plant and equipment and intangible assets	-100.0	-81.7
Proceeds from sale of property, plant and equipment and intangible assets	1.4	3.2
Acquisitions of Group companies	-6.7	-5.8
Change in non-controlling interest	-	-0.3
Acquisitions of other investments	0.0	0.0
Cash flows from investing activities (B)	-105.3	-84.7

EUR million | 1.1.–31.12.	2015	2014
Cash flow from financing activities:		
Proceeds from issue of share capital	33.3	2.6
Purchase of treasury shares	-	-8.6
Change in current financial receivables, increase (-) / decrease (+)	-6.0	-8.0
Change in non-current financial receivables, increase (-) / decrease (+)	0.4	-3.4
Change in current financial borrowings, increase (+) / decrease (-)	48.5	62.2
Change in non-current financial borrowings, increase (+) / decrease (-)	-73.4	-79.6
Dividens received	0.4	0.4
Dividends paid	-193.5	-193.4
Cash flow from financing activities (C)	-190.2	-227.7
Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)	-12.2	11.0
Cash and cash equivalents at the beginning of the period	439.9	424.6
Effect of exchange rate fluctuations on cash held	1.6	4.3
Cash and cash equivalents at the end of the period	429.3	439.9

The consolidated statement of cash flows has been prepared using the indirect method in 2015. Previous year has been changed accordingly. The company has received a stay of execution from the Finnish Tax Administration for the collection of the tax increases based on the tax reassessment decisions on years 2007-2010. In spite of this stay of execution the Finnish Tax Administration has taken funds in accordance with these aforesaid decisions from company's tax account setting off company's other tax refunds. Financial items and taxes contain these set-offs by the Tax Administration in 2015 EUR 6.1 million, in 2014 EUR 37.0 million. The Board of Adjustment once already annulled the reassessment decisions in question and returned the assessments forreprocessing. The Tax Administration did not refund these set-offs, but did discontinue with additional ones. Finally the Tax Administration reprocessed the tax reassessment decisions, which amounts, less the previous set-offs, the company paid in 2016.

		Equity attributable to equity holders of the parent								
EUR million	Notes	Share capital	Share premium	Treasury shares	Translation reserve	Fair value and hedging reserves	Paid-up unrestricted equity reserve	Retained earnings	Non-controlling interest	Total equity
Equity, 1 Jan 2014		25.4	181.4	-	-128.5	-0.7	97.1	1,217.9	0.2	1,392.8
Profit for the period								208.4		208.4
Other comprehensive income, net of tax:								0.2	-0.2	0.0
Cash flow hedges						-1.9				-1.9
Net investment hedge										0.0
Translation differences					-202.1					-202.1
Total comprehensive income for the period					-202.1	-1.9		208.6	-0.2	4.4
Dividends paid	(22)							-193.4		-193.4
Acquisition of treasury shares				-8.6						-8.6
Exercised warrants	(22)						2.6			2.6
Share-based payments	(23)							9.9		9.9
Total transactions with owners for the period				-8.6			2.6	-183.5		-189.5
Changes in the shareholding of subsidiaries							0.7			0.7
Acquisition of non-controlling interests, with no impact on control								0.2		0.2
Equity, 31 Dec 2014		25.4	181.4	-8.6	-330.7	-2.6	100.3	1,243.2	-	1,208.5
Equity, 1 Jan 2015		**25.4**	**181.4**	**-8.6**	**-330.7**	**-2.6**	**100.3**	**1,243.2**	**-**	**1,208.5**
Profit for the period								**240.7**		**240.7**
Other comprehensive income, net of tax:										
Cash flow hedges						**-0.3**				**-0.3**
Net investment hedge										**-**
Translation differences					**-55.2**					**-55.2**
Total comprehensive income for the period					**-55.2**	**-0.3**		**240.7**		**185.2**
Dividends paid	(22)							**-193.5**		**-193.5**
Acquisition of treasury shares										**-**
Exercised warrants	(22)						**33.3**			**33.3**
Share-based payments	(23)							**9.1**		**9.1**
Total transactions with owners for the period							**33.3**	**-184.5**		**-151.2**
Changes in the shareholding of subsidiaries							**-0.7**			**-0.7**
Equity, 31 Dec 2015		**25.4**	**181.4**	**-8.6**	**-385.9**	**-2.9**	**133.0**	**1,299.2**	**-**	**1,241.6**

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

Accounting policies for the consolidated financial statements

Basic information

Nokian Tyres Plc is a Finnish public corporation founded in accordance with the Finnish laws and domiciled in the city of Nokia. The shares of Nokian Tyres Plc have been quoted on the Nasdaq Helsinki Oy since 1995.

Nokian Tyres Group develops and manufactures summer and winter tyres for passenger cars and vans, and special tyres for heavy machinery. The Group also manufactures retreading materials and retreads tyres. The largest and most extensive tyre retail chain in the Nordic countries, Vianor, is also a part of the Group. The core business areas in the Group are Passenger Car Tyres, Heavy Tyres and Vianor.

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards and in compliance with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on 31 December 2015. International Financial Reporting Standards refer to the standards and related interpretations to be applied within the Community as provided in the Finnish Accounting Act and the provisions issued on the basis of this Act, and in accordance with the procedure laid down in Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards. Notes to the consolidated financial statements also comply with the Finnish accounting and corporate laws.

The information in the financial statements is presented in millions of euro and is prepared under the historical cost convention except as disclosed in the following accounting policies.

Revised standards and interpretations

The Group has adopted new and revised standards and interpretations enforced in the EU during the period, the changes from annual improvements and to employee benefits (IAS 19) being the most substantial ones. The changes had no material impact on the result, the financial position or the other information presented in the financial statements of the Group for the period.

IFRS are under constant development. Other new standards, interpretations or their amendments have also been published but they are not yet in force and the Group will not apply them before they are enforced. The Group will adopt each standard and interpretation on the effective date or from the beginning of the following financial period.

The most significant future changes will have the following impact:

- IFRS 15 – Revenue from Contracts with Customers
  The standard was deferred with one year. The Group is still assessing the impacts of the standard, and tentatively estimates that the new standard will not have a material impact on the future financial statements of the Group.
- IFRS 9 – Financial Instruments and subsequent amendments
  The Group is still assessing the impacts of the standard on the future financial statements of the Group.
- IFRS 16 – Leases
  The Group is assessing the impacts of the standard, and tentatively estimates that the new standard will have some impact on the future financial statements of the Group.

The Group estimates that the other published improvements or amendments will not have a material impact on the result, financial position or other disclosures of the future financial statements of the Group.

Use of estimates

The preparation of financial statements in compliance with IFRS requires the use of estimates and assumptions that affect the amount of assets and liabilities shown in the statement of financial position at the time of preparation, the presentation of contingent assets and liabilities in the financial statements, and the amount of revenues and expenses during the reporting period. Estimates have been used e.g. to determine the amount of items reported in the financial statements, to measure assets, to test goodwill and other assets for impairment, and for the future use of deferred tax assets. Since the estimates are based on the best current assessments of the management, the final figures may deviate from those used in the financial statements.

Key sources of estimation uncertainty relate to the country risk in the Russian business environment. The uncertainty of the Russian economy is due to the low oil price, high interest rates, slow investments, and sanctions that followed the Ukraine crisis, and the growth in Russia is expected to be negative in 2016. An escalation of the Ukraine crisis could cause serious disruption, additional trade barriers and a further slowdown of economic development in Russia, CIS and Finland. All in all the uncertainties may weaken future demand for tyres and increase credit risk. Other sources of uncertainty relate to the challenging pricing environment of tyres in line with price development of raw materials.

Principles of consolidation

The consolidated financial statements include the financial statements of the parent company Nokian Tyres Plc as well as all subsidiaries in which the Parent company owns, directly or indirectly, more than 50% of the voting rights or in which the Parent company otherwise exercises control. Control exists when the Group through participation in an investee is exposed or entitled to its variable returns and is able to affect the returns through exercising power over the investee.

Associated companies in which the Group has 20 to 50% of the voting rights and in which it exercises significant influence but not control, have been consolidated using the equity method. If the Group's share of the associated company's losses exceeds its holding in the associated company, the carrying amount will be recorded in the balance sheet at nil value and losses in excess of that value will be ignored unless the Group has obligations towards the associated companies. Investments in associates include the carrying amount of the investment in an associated company according to the equity method, and possible other non-current investments in the associated company, which are, in substance, part of a net investment in the associated company.

A joint arrangement refers to a contractual undertaking, in which the Group has agreed to share control over material financial and business principles with one or more parties. A joint arrangement is either a joint operation or a joint venture. In a joint venture the Group holds rights to the net assets of the arrangement whereas in a joint operation the Group holds rights to the assets and carries obligations on the liabilities of the arrangement. Nokianvirran Energia Oy is a joint operation as the parties share control according to a specific Mankala-principle where the company is not intended to make profit while the parties have agreed to utilize the total output. Nokianvirran Energia Oy is accounted for as a Group company using the proportionate consolidation method on each row according to the 32.3% shareholding.

Acquired subsidiaries have been consolidated using the acquisition method, according to which the acquired company's assets and liabilities are measured at fair value on the date of acquisition. The cost of goodwill is the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Acquisition-related costs, except for the costs to issue debt or equity securities, are expensed. Possible contingent consideration is measured at fair value on the date of acquisition and is classified as a liability. Contingent consideration classified as a liability is measured at fair value on each reporting date and the following gain or loss is recognized in the income statement. Under IFRS goodwill is not amortised but is tested annually for impairment. Subsidiaries acquired during the financial year have been consolidated from the acquisition date and those divested until the divestment date.

All internal transactions, receivables, liabilities and unrealised margins, as well as distribution of profits within the Group, are eliminated while preparing the consolidated financial statements.

Profit for the period is attributed to the owners of the Parent company and to the non-controlling interests. Moreover, non-controlling interests are disclosed as a separate item under the consolidated equity.

Foreign currency items

Transactions in foreign currencies have been recorded at the exchange rates effective on the transaction date. In the statement of financial position all items in foreign currencies unsettled on the reporting date are measured at the European Central Bank's closing exchange rate. The quotations of the relevant central bank are applied if the European Central Bank does not quote a specific currency. Foreign exchange gains and losses related to business operations and financing activities have been recorded under financial income and expenses.

Foreign Group companies

The statements of financial position of foreign subsidiaries have been translated into euro using the European Central Bank's closing rates, and the income statements using the average rate for the period. Translation differences arising from the subsidiaries' income statements and statements of financial position have been recorded under other comprehensive income and in the translation reserve within equity as a separate item. Translation differences arising from the elimination of foreign company acquisition cost and from the profits and losses incurred after the acquisition have been recorded under other comprehensive income as a separate item and in the translation reserve within equity. If settlement of a loan to a foreign operation is neither planned nor likely to occur in the foreseeable future, then the loan is considered as a net investment in a foreign operation and the foreign exchange gains and losses arising on the item are recognized in other comprehensive income, and accumulated in the translation reserve within equity.

When a subsidiary is divested fully or in part, the related accumulated translation differences are brought from equity to the income statement and entered as a gain or loss on the sale.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other current investments, such as commercial papers and bank deposits.

Financial assets

Financial assets have been classified as follows: financial assets at fair value through profit and loss, available-for-sale financial assets, and loans and receivables.

Financial assets at fair value through profit and loss include liquid current investments, such as commercial papers, and derivative assets to which hedge accounting is not applied.

Loans and receivables include non-derivative assets with fixed or determinable payments that are not quoted in an active market. In the Group, this category includes trade receivables and other loan receivables resulting from commercial activities and cash funds and other current investments, such as bank deposits. Loans and other receivables have been measured at amortised cost less any write-downs, and in the statement of financial position they are included in current or non-current receivables, depending on their maturity.

Available-for-sale financial assets include quoted and unquoted shares. Quoted shares are measured at fair value, which is the share bid price on the reporting date. Changes in fair value are recognised in other comprehensive income until the financial asset is sold or divested, at which time the changes in fair value are transferred to profit and loss. Impairments are recorded in profit and loss. Unquoted shares are measured at cost if the fair value cannot be reliably determined.

Financial liabilities

Financial liabilities have been classified as follows: financial liabilities at fair value through profit and loss and financial liabilities measured at amortised cost.

Financial liabilities at fair value through profit and loss include derivative liabilities to which hedge accounting is not applied.

In the Group, loans are measured at fair value on the basis of the consideration received in connection with the original recognition, after which the loans are recorded at amortised cost using the effective interest rate method. Bank overdrafts are included in current liabilities in the statement of financial position.

Derivative instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate, foreign currency and electricity price risk exposures. Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value and fair values are presented in the statement of financial position under current receivables or liabilities. Publicly quoted market prices and rates, as well as generally used measurement models, are used to define the fair value of derivatives. The information and assumptions used in the measurement models are based on verifiable market prices and values.

Hedge accounting is not applied to the derivatives used to hedge cash flows from the Group's business operations in foreign currencies. Changes in fair value of derivatives to which hedge accounting is not applied are recognised immediately in profit and loss as financing items.

The Group applies IAS 39 compliant hedge accounting to hedges of the exposure to variability in cash flows that is attributable to an interest rate risk associated with recognised non-current liabilities and to hedges to manage electricity price risk. To meet all the hedge accounting criteria, at the inception of these hedges the Group designates and documents the hedging relationship between the hedged item and the hedging instrument including effectiveness measurement methods and the hedging strategy in accordance with the Group's risk management policy. The Group aims to choose hedging instruments that create no ineffective portion.

Hedge accounting is applied in cash flow hedging in connection with interest rate swaps, by which floating rate liabilities have been changed to fixed rate liabilities. The effective portion of the change in the fair value of the interest rate swaps is recognised in other comprehensive income and any remaining ineffective portion recognised in the income statement. The gains and losses recognised in other comprehensive income are transferred to financial items in the income statement when the hedged item affects the income statement.

The Group applies hedge accounting to certain currency derivatives and currency loans. Changes in fair value of the currency derivatives meeting the hedge accounting criteria are recognised in other comprehensive income except for the potential ineffective portion and the time value of currency options, which are recognised in the income statement. Correspondingly, the foreign exchange gains and losses on foreign currency loans taken out for hedging purposes are recorded under other comprehensive income and interest expenses under financial items in the income statement.

The Group's forecast electricity purchases in Finland are hedged with electricity derivatives to which hedge accounting is applied. The effective portion of the fair value change of the electricity derivatives is recognised in other comprehensive income and the ineffective portion in the income statement under other operating income or expenses. The gains and losses recognised in other comprehensive income are transferred to cost of sales in the income statement when the hedged item affects the income statement.

Income recognition

Income from the sale of products is recognised when the significant risks and rewards connected with ownership of the goods, as well as the right of possession and effective control, have been transferred to the buyer and payment is probable. This is also the case when a customer separately requests that the assignment of goods be deferred. Revenue from services is recognised once the services have been rendered. Generally, sales are recognised upon delivery in accordance with the contractual terms and conditions. To calculate the net sales, sales revenue is adjusted with indirect taxes and discounts.

Research and development costs

Research costs are recorded as other operating expenses for the financial period in which they incurred. Development costs are capitalised once certain criteria associated with commercial and technical feasibility have been met. Capitalised development costs primarily comprising materials, supplies and direct labour costs, as well as related overheads, are amortised systematically over their expected useful life. The amortisation period is 3-5 years.

Government grants

Grants received from governments or other parties are recognised adjustments to related expenses in the income statement for the period. Grants received for the acquisition of property, plant and equipment reduce the acquisition cost.

Operating profit

The Group has defined operating profit as follows: operating profit is the net sum of net sales plus other operating income less cost of sales, selling and marketing expenses, administration expenses and other operating expenses. Operating profit does not include exchange rate gains or losses.

Borrowing costs

The borrowing costs of items included in property, plant and equipment or other intangible assets, and requiring a substantial construction period, are capitalised for the period needed to produce the investment for the intended purpose. Other borrowing costs are recognised as expenses for the period in which they incurred.

Income taxes

The tax expense of the Group include taxes based on the profit or loss for the period or dividend distribution of the Group companies, as well as change in deferred tax, and adjustment of taxes from prior periods. The penalty interests on those are recorded as financial expenses. The tax impact of items recorded directly in equity or other comprehensive income is correspondingly recognised directly in equity or in other comprehensive income. The share of associated companies' profit or loss is shown in the income statement calculated from the net result, and thereby includes the impact of taxes. Deferred taxes are measured with tax rates enacted by the reporting date, to reflect the net tax effects of all temporary differences between the financial reporting and tax bases of assets and liabilities. The most significant temporary differences arise from the amortisation and depreciation differences of intangible assets and property, plant and equipment, measuring the net assets of business combinations at fair value, measuring available-for-sale financial assets and hedging instruments at fair value, internal profits in inventory and other provisions, appropriations and unused tax losses. Deferred tax liabilities will also be recognised from the subsidiaries' non-distributed retained earnings if profit distribution is likely and will result in tax consequences. Deferred tax assets relating to the temporary differences is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised before expiration. Deferred taxes are not recorded on goodwill that is not deductible for tax purposes.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the equity holders of the parent for the period by the weighted average number of shares outstanding during the period. The average number of treasury shares has been deducted from the number of shares outstanding.

For the calculation of the diluted earnings per share the diluting impact of all potentially diluting share conversions have been taken into account. The Group has share options and previously also convertible bonds as diluting instruments. The dilution of share options has been computed using the treasury stock method. In dilution, the denominator includes the shares obtained through the assumed conversion of the options, and the repurchase of treasury shares at the average market price during the period with the funds generated by the conversion. The assumed conversion of options is not taken into account for the calculation of earnings per share if the effective share subscription price defined for the options exceeds the average market price for the period. The convertible bonds are assumed to have been traded for company shares after the issue.

Property, plant and equipment

The values of property, plant and equipment acquired by the Group companies are based on their costs. The assets of acquired subsidiaries are measured at fair value on the date of acquisition. Depreciation is calculated on a straight-line basis from the original acquisition cost, based on the expected useful life. Depreciation includes any impairment losses.

In the statement of financial position, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The borrowing costs of items included in property, plant and equipment, and requiring a substantial construction period, are capitalised for the period needed to produce the investment for the intended purpose. Other borrowing costs are recognised as expenses in the period they incurred.

Depreciation is based on the following expected useful lives:
Buildings .... 20–40 years
Machinery and equipment .... 4–20 years
Other tangible assets .... 10–40 years
Land is not depreciated.

The expected useful lives are reviewed at each reporting date, and if they differ materially from previous estimates, the depreciation schedules are changed accordingly.

Regular maintenance and repair costs are recognised as expenses for period. Expenses incurred from significant modernisation or improvement projects are recorded in the statement of financial position if the company gains future economic benefits in excess of the originally assessed standard of performance of the existing asset. Modernisation and improvement projects are depreciated on a straight-line basis over their useful lives. Gains and losses from the divestment and disposal of property, plant and equipment are determined as the difference of the net disposal proceeds and the carrying amounts. Sales gains and losses are included in operating profit in the income statement.

Goodwill and other intangible assets

Goodwill arising from business combinations is recognised as the amount by which the aggregate of the transferred consideration, any non-controlling interest in the acquiree and any previously held interest exceeds the fair value of the net assets acquired. Goodwill is not amortised but is tested for impairment annually and whenever an indication of possible impairment exists.

Other intangible assets include customer relationships, capitalised development costs, patents, copyrights, licences and software. Intangible rights acquired in business combinations are measured at fair value and amortised on a straight-line basis over their useful lives. Other intangible assets are measured at cost and amortised on a straight-line basis over their useful lives. An intangible asset is only recorded in the statement of financial position if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and cost can be measured reliably. Subsequent expenses related to the assets are only recorded in the statement of financial position if the company gains future economic benefits in excess of the originally assessed standard of performance of the existing asset; otherwise, costs are recognised as expenses at the time of occurrence.

In the statement of financial position, intangible assets are recorded at cost less accumulated amortisation and impairment losses. The borrowing costs of items included in other intangible assets, and requiring a substantial construction period, are capitalised for the period needed to produce the investment for the intended purpose. Other borrowing costs are recognised as expenses in the period they incurred. The amortisation schedule for intangible assets is 3-10 years.

Impairment

At reporting date the Group shall assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset in question is estimated. Goodwill and intangible assets not yet available for use are tested for impairment at least annually. To assess impairment, the Group's assets are allocated to cash-generating units on the smallest group that is largely independent of other units and the cash flows of which can be separated.

The recoverable amount is the higher of fair value of the asset less costs to sell and a value in use. As a rule, value in use is based on the discounted future cash flows that the corresponding asset or the cash-generating unit can derive. The impairment recognised in the income statement is the amount by which the carrying amount of the asset exceeds the corresponding recoverable amount, and in the statement of financial position it is allocated first to reduce the carrying amount of any goodwill of the unit and then pro rata against the other assets. An impairment loss recognised in prior periods will be reversed if the estimates used to determine the recoverable amount change. However, a reversal of impairment loss shall not exceed the carrying amount that would have been determined in the statement of financial position without the recognised impairment loss in prior periods. Impairment loss on goodwill is not reversed under any circumstances.

Leasing agreements

Leasing agreements are classified as either finance leases or operating leases. Leasing agreements by which the risks and benefits associated with the ownership of an asset are substantially transferred to the lessee company represent finance leases.

<u>The Group as a lessee</u>

Assets held under finance leases, less depreciation, are included in intangible assets and property, plant and equipment and the obligations resulting from the lease in financial liabilities. Lease payments resulting from finance leases are apportioned between finance charges and the reduction of the outstanding liability. Charges paid under operating leases are recognised as expenses in the income statement.

Finance leases have been recorded in the statement of financial position in the amount equalling the fair value of the leased property or, if lower, present value of minimum lease payments, each determined at the inception of the lease. The assets are depreciated consistent with assets that are owned and any impairment losses are recorded. Depreciation is carried out over the useful life or a shorter lease term.

<u>The Group as a lessor</u>

Assets held under finance leases have been recorded in the statement of financial position as receivables at amount equal to the net investment in the lease. Lease income resulting from finance leases are recorded in the income statement with constant periodic rate of return on the lessor's net investment in the finance lease. Assets held under leases other than finance leases are included in intangible assets and property, plant and equipment in the statement of financial position. These are depreciated over their useful lives, consistent with assets in the company's own use. Lease income is recorded in the income statement on a straight-line basis over the lease term.

Inventories

Inventories are measured at the lower of cost or the net realisable value. Cost is primarily determined in accordance with standard cost accounting, which corresponds to the cost calculated in accordance with the FIFO (first-in, first-out) method. The cost of finished goods and work in progress includes raw material purchase costs, direct manufacturing wages, other direct manufacturing costs, and a share of production overheads, borrowing costs excluded. Net realisable value is the estimated sales price in ordinary activities less the costs associated with the completion of the product and the estimated necessary costs incurred to make the sale of the product.

Trade receivables

Trade receivables in the statement of financial position are carried at the original invoice value (and those in foreign currencies are measured at the closing rate of the European Central Bank) less doubtful receivables and credits for returned goods. Doubtful receivables are based on the case-by-case assessment of outstanding trade receivables as well as on historical experience of the portion the Group will not receive under the original terms and conditions.

Actual and estimated credit losses are recorded as other operating expenses in the income statement.

Dividend

The dividend proposed by the Board of Directors at the Annual General Meeting has not been recognised in the financial statements. Dividends are only accounted for on the basis of the decision of the Annual General Meeting.

Equity

The acquisition cost of treasury shares repurchased by the Group is recognised as a deduction in equity. The consideration received for the treasury shares when sold, net of transaction costs and tax, is included in equity.

Provisions

A provision is entered into the statement of financial position if the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions may be related to the reorganisation of activities, unprofitable agreements, environmental obligations, trials and tax risks. Warranty provisions include the cost of product replacement during the warranty period. Provisions constitute best estimates at the balance sheet date and are based on past experience of the level of warranty expenses.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by realization of an uncertain future event not totally controllable by the Group. A contingent liability is also defined as a present obligation that probably will not require the settlement of the obligation, or cannot be measured reliably. A contingent liability is disclosed in the notes to the consolidated financial statements.

Correspondingly, a contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by realization of an uncertain future event not totally controllable by the Group. In case an inflow of economic benefits is probable, a contingent asset is disclosed in the notes to the consolidated financial statements.

Employee benefits

Pension liabilities

The Group companies have several pension schemes in different countries based on local conditions and practices. These pension arrangements are classified as either defined contribution plans or defined benefit plans. Payments for defined contribution plans are recorded as expenses in the income statement for the period they relate to. All of the material pension arrangements in the Group are defined contribution plans.

Share-based payments

Share options are measured at fair value on the grant date and expensed on a straight-line basis over the vesting period. Corresponding amounts are recorded as an increase in equity. The expense determined on the grant date is based on the Group's estimate of the number of options that are assumed to vest at the end of the vesting period. The Black & Scholes' option pricing model is used to determine the fair value of options. The impact of non-market-based conditions (such as profitability and a certain profit growth target) is not included in the fair value of the option; instead, it is taken into account in the final number of options that are assumed to vest at the end of the vesting period. The Group updates the assumption of the final number on each reporting date. Changes in the estimates are recognised in the income statement.

When options are exercised, the payments received on the basis of share subscriptions (adjusted with any transaction costs) are recorded in paid-up unrestricted equity reserve (2010 and 2013 options).

Performance shares are measured at fair value on the grant date and are expensed on a straight-line basis over the vesting period. The equity-settled amounts are recorded as an increase in equity. The expense determined on the grant date is based on the Group's estimate of the number of shares that are assumed to vest at the end of the vesting period. The impact of non-market-based conditions (such as net sales and operating profit) is not included in the fair value of the share; instead, it is taken into account in the final number of shares that are assumed to vest at the end of the vesting period. The Group updates the assumption of the final number on each reporting date. The fair values of cash-settled amounts are similarly updated on each reporting date and recorded as a liability. Changes in the estimates of both the equity and cash-settled amounts are recognised in the income statement.

Other option and incentive schemes

No other option and incentive schemes were in use during 2015.

Non-current assets held for sale and discontinued operations

A non-current asset, or a group of disposable items, is classified as being held for sale if the amount corresponding to its carrying amount will primarily be generated from the sale of the asset instead of being generated from the continued use of the asset. Non-current assets held for sale, and assets related to discontinued operations, are measured at their carrying amounts, or the lower fair value less costs to sell , if the amount corresponding to its carrying amount will primarily be generated from the sale of the asset and if the sales transaction is most likely to take place.

A discontinued operation is a part of the entity that has been divested or classified as being held for sale and represents a separate core business area or a geographic operating area.

The Group's financial statements for 2015 and 2014 do not include any non-current assets held for sale or any discontinued operations.

1. Segment information

The Group's management team is the chief operating decision maker. The segment information is presented in respect of the business and geographical segments. Business segments are based on the internal organization and financial reporting structure.

The business segments comprise of entities with assets and operating activities providing products and services. The segments are managed as separate entities.

Pricing of inter-segment transactions is based on current market prices and the terms of evaluating profitability and resources allocated to segments are based on profit before interests and taxes.

Segment assets and liabilities include items directly attributable to a segment and items that can be allocated on a reasonable basis. The unallocated items contain tax and financial items together with joint Group resource items. Capital expenditure comprises of additions to intangible assets and property, plant and equipment used in more than one period.

Business segments

Passenger Car Tyres -business unit covers the development and production of summer and winter tyres for cars and vans.

Heavy Tyres -business unit comprises tyres for forestry machinery, special tyres for agricultural machinery, tractors and industrial machinery as well as retreading and truck tyre business.

Vianor -tyre chain sells car and van tyres as well as truck tyres. In addition to Nokian brand, Vianor sells other leading tyre brands and other automotive products and services.

Other operations contain business development and Group management unallocated to the segments.

Eliminations consist of eliminations between different business segments.

Notes concerning geographical segments

The business segments are operating in seven geographic regions: Finland, Sweden, Norway, Russia and the CIS, the rest of Europe, North America and the rest of the world.

In presenting information on the basis of geographical segments, segment revenue is based on the location of the customers and segment assets are based on the location of the assets.

Operating segments

2015 EUR million	Passenger Car Tyres	Heavy Tyres	Vianor	Other operations	Eliminations	Group
Net sales from external customers	**891.3**	**127.4**	**326.9**	**14.6**	**0.0**	**1,360.1**
Services			**72.1**			**72.1**
Sales of goods	**891.3**	**127.4**	**254.8**	**14.6**	**0.0**	**1,288.1**
Inter-segment net sales	**60.3**	**27.9**	**0.7**	**0.8**	**-89.7**	
Net sales	**951.5**	**155.3**	**327.6**	**15.4**	**-89.7**	**1,360.1**
Operating result	**285.5**	**28.7**	**-1.9**	**-13.9**	**-2.5**	**296.0**
% of net sales	**30.0%**	**18.5%**	**-0.6%**	**-90.4%**		**21.8%**
Financial income and expenses						**-21.8**
Profit before tax						**274.2**
Tax expense						**-33.5**
Profit for the period						**240.7**
Assets	**955.2**	**109.9**	**183.5**	**22.7**	**-7.9**	**1,263.3**
Unallocated assets						**491.4**
Total assets						**1,754.8**
Liabilities	**99.5**	**18.3**	**46.7**	**2.5**	**2.5**	**169.5**
Unallocated liabilities						**343.6**
Total liabilities						**513.2**
Capital expenditure	**63.3**	**6.5**	**22.3**	**9.7**	**0.0**	**101.7**
Depreciation and amortisation	**68.2**	**8.2**	**6.2**	**0.1**	**0.0**	**82.6**
Other non-cash expenses	**13.1**	**2.1**	**0.5**	**2.1**	**0.0**	**17.9**

2014 EUR million	Passenger Car Tyres	Heavy Tyres	Vianor	Other operations	Eliminations	Group
Net sales from external customers	941.2	121.5	313.8	12.6	0.0	1,389.1
Services			69.3			69.3
Sales of goods	941.2	121.5	244.4	12.6	0.0	1,319.8
Inter-segment net sales	62.0	27.6	1.0	0.9	-91.5	
Net sales	1,003.2	149.1	314.8	13.5	-91.5	1,389.1
Operating result	292.2	24.6	2.1	-7.7	-2.5	308.7
% of net sales	29.1%	16.5%	0.7%	-56.5%		22.2%
Financial income and expenses						-47.5
Profit before tax						261.2
Tax expense						-52.8
Profit for the period						208.4
Assets	1.004.0	117.2	164.2	10.5	-7.1	1,288.8
Unallocated assets						508.2
Total assets						1,797.0
Liabilities	98.2	15.0	43.7	2.9	6.1	165.9
Unallocated liabilities						422.6
Total liabilities						588.5
Capital expenditure	57.9	11.7	11.0	0.0	0.0	80.6
Depreciation and amortisation	76.3	6.9	6.6	0.0	0.0	89.8
Other non-cash expenses	15.2	2.1	1.1	2.2	0.0	20.6

Geographical information
2015

EUR million	Finland	Sweden	Norway	Russia and the CIS	the rest of Europe	North America	the rest of the world	Group
Net sales	**226.4**	**198.2**	**172.6**	**238.2**	**353.8**	**159.7**	**11.4**	**1,360.1**
Services	**25.9**	**21.9**	**20.3**	**0.2**	**1.5**	**2.3**		**72.1**
Sales of goods	**200.5**	**176.3**	**152.2**	**238.0**	**352.3**	**157.4**	**11.4**	**1,288.1**
Assets	**429.4**	**97.2**	**57.2**	**454.8**	**117.1**	**84.6**	**1.8**	**1,242.2**
Unallocated assets								**512.6**
Total assets								**1,754.8**
Capital expenditure	**70.0**	**1.6**	**3.0**	**26.4**	**0.2**	**0.6**	**0.0**	**101.7**

2014

EUR million	Finland	Sweden	Norway	Russia and the CIS	the rest of Europe	North America	the rest of the world	Group
Net sales	213.4	182.0	168.7	350.3	333.5	130.5	10.7	1,389.1
Services	24.8	20.9	20.0	0.4	1.3	1.9		69.3
Sales of goods	188.6	161.1	148.7	350.0	332.2	128.6	10.7	1,319.8
Assets	420.1	96.8	57.4	507.7	112.1	73.3	1.2	1,268.6
Unallocated assets								528.3
Total assets								1,797.0
Capital expenditure	48.6	1.3	2.1	27.5	0.4	0.7	0.0	80.6

2. Acquisitions

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

EUR million	2015
Purchase consideration	
Consideration paid in cash	7.1
Contingent consideration liability	0.7
Total consideration	7.8

The Group is committed to pay contingent considerations of total EUR 0.7 million in case the net sales and operating profits of the acquired businesses within the next three years after the acquisition year exceed the targets set for each (total net sales EUR 9.9 million and total operating profits EUR 0.8 million).

Recognised amounts of identifiable assets acquired and liabilities assumed:

EUR million	Notes	2015
Property, plant and equipment	(12)	0.6
Inventories		1.8
Trade and other receivables		1.0
Cash and cash equivalents		0.5
Total Assets		3.9
Deferred tax liabilities	(18)	0.0
Financial Liabilities		-0.2
Trade and other payables		-0.9
Total Liabilities		-1.1
Total identifiable net assets		2.8
Composition of goodwill in the acquisition		
Consideration transferred		7.8
Total identifiable net assets		-2.8
Goodwill	(14)	5.1
Consideration paid in cash		7.1
Cash and cash equivalents in the subsidiaries acquired		0.5
Net cash outflow		6.6

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

Since these pieces of information are not material individually, the presentation is aggregated. The profits of the acquired companies, totalling EUR 1.0 million, are included in the consolidated income statement. The actual acquisition dates and the nature of the operations taken into account the effect of the acquisitions on the consolidated net sales and profit is not material even if they all were combined as of the beginning of the financial year.

The acquisition related costs of EUR 0.0 million have been recorded as selling and marketing expenses. There were no other transactions recognised separately from these acquisitions. The consideration has been transferredin cash and no significant contingent consideration arrangements were included. No non-controlling interest remained in the acquiree. The identifiable asset acquired and liabilities assumed are recorded in fair value. Goodwill is measured as the excess of the consideration transferred over the total identifiable net assets. None of the goodwill recognised is deductible for income tax purposes.

Acquisitions and other changes in 2014

In 2014 the Group still executed only minor acquisitions.

In April the Group bought out the minority shareholding in the Chinese subsidiary Nokian Tyres Trading (Shanghai) Co Ltd and now holds the total stock. The Group held majority and exercised control prior to the acquisition and the company has already been consolidated as a group company before.

In November the Group acquired 32.3% shareholding in the Finnish Nokianvirran Energia Oy.

Additionally, Vianor-chain has expanded further through several minor business combinations in Finland, Sweden, Norway and USA during the reported period.

EUR million	2014
Purchase consideration	
Consideration paid in cash	7.7
Contingent consideration liability	1.3
Total consideration	9.0

The Group is committed to pay contingent considerations of total EUR 1.7 million in case the net sales and operating profits of the acquired businesses within the next three years after the acquisition year exceed the targets set for each (total net sales EUR 31.7 million and total operating profits EUR 6.7 million).

Recognised amounts of identifiable assets acquired and liabilities assumed:

EUR million	Notes	2014
Property, plant and equipment	(12)	3.8
Inventories		0.9
Trade and other receivables		0.3
Cash and cash equivalents		0.0
Total Assets		5.0
Deferred tax liabilities	(18)	0.0
Financial Liabilities		-0.1
Trade and other payables		-0.2
Total Liabilities		-0.3
Total identifiable net assets		4.6
Composition of goodwill in the acquisition		
Consideration transferred		9.0
Total identifiable net assets		-4.6
Goodwill	(14)	4.3
Consideration paid in cash		7.7
Cash and cash equivalents in the subsidiaries acquired		0.0
Net cash outflow		7.7

The expectations relating to the growth in sales through increased customer base, and the future expectations on improved market area coverage and sales increase resulted in the recognition of goodwill. The shareholding in Nokianvirran Energia Oy is aimed at cost-effective energy supply.

Since these pieces of information are not material individually, the presentation is aggregated. The profits of the acquired companies, totalling EUR 0.0 million, are included in the consolidated income statement. The actual acquisition dates and the nature of the operations taken into account the effect of the acquisitions on the consolidated net sales and profit is not material even if they were combined as of the beginning of the financial year.

The acquisition related costs of EUR 0.0 million have been recorded as selling and marketing expenses. There were no other transactions recognised separately from these acquisitions. The consideration has been transferredin cash and no significant contingent consideration arrangements were included. No non-controlling interest remained in the acquiree. The identifiable asset acquired and liabilities assumed are recorded in fair value. Goodwill is measured as the excess of the consideration transferred over the total identifiable net assets. None of the goodwill recognised is deductible for income tax purposes.

Additionally in Finland Vianor acquired the full ownership in Kumielo Oy on 1 January 2015. The total consideration paid in cash was EUR 6.3 million. Vianor acquired EUR 0.4 million of property, plant and equipment, EUR 2.2 million of inventories, EUR 1.0 million of receivables, EUR 0.6 million of cash and cash equivalents and a total of EUR 1.7 million in liabilities. Goodwill amounted to appr. EUR 3.7 million. As the acquisition of Kumielo Oy took place close to the approval date of the financial statements of the Group, all this infromation is preliminary.

3. Cost of sales

EUR million	2015	2014
Raw materials	**348.4**	401.3
Goods purchased for resale	**129.7**	123.5
Wages and social security contributions on goods sold	**43.1**	46.7
Other costs	**122.8**	123.6
Depreciation of production	**60.8**	68.2
Sales freights	**46.1**	40.1
Change in inventories	**-17.1**	-33.8
Total	**733.7**	769.6

4. Other operating income

EUR million	2015	2014
Gains on sale of property, plant and equipment	**1.5**	1.2
Other income	**2.2**	2.3
Total	**3.7**	3.4

5. Other operating expenses

EUR million	2015	2014
Losses on sale of property, plant and equipment and other disposals	0.1	0.3
Research and development costs	18.7	16.6
Quality control	3.1	2.6
Expensed credit losses and provisions	17.7	8.8
Other expenses	3.0	5.0
Total	42.6	33.2

Other operating expenses include the ineffective portion of the electricity derivatives used as cash flow hedges amounting to EUR 2.2 million (EUR 0.8 million in 2014).

6. Depreciation, amortisation and impairment losses

No impairment losses have been recorded during 2015 or 2014.

EUR million	2015	2014
Depreciation and amortisation by asset category		
Intangible rights	5.0	6.8
Other intangible assets	1.3	1.6
Buildings	8.1	11.6
Machinery and equipment	66.9	68.5
Other tangible assets	1.3	1.4
Total	82.6	89.8
Depreciation and amortisation by function		
Production	60.8	68.2
Selling and marketing	12.7	14.1
Administration	7.2	5.5
Other depreciation and amortisation	2.0	2.0
Total	82.6	89.8

7. Employee benefit expenses

EUR million	2015	2014
Wages and salaries	153.3	154.9
Pension contributions - defined contribution plans	22.2	23.8
Share-based payments	9.1	9.6
Other social security contributions	20.0	17.8
Total	204.6	206.1

Information on the employee benefits and loans of the key management personnel is presented in note 34 Related party transactions.

persons	2015	2014
Number of personnel, average		
Production	1,940	1,775
Selling and marketing	2,179	2,253
Others	302	244
Total	4,421	4,272

8. Financial income

EUR million	2015	2014
Interest income on loans and receivables	0.9	1.0
Dividend income on available-for-sale financial assets	0.0	0.0
Exchange rate gains and changes in fair value		
Loans and receivables	130.6	89.4
Foreign currency derivatives held for trading	67.4	175.7
Other financial income	1.9	2.4
Total	200.9	268.4

9. Financial expenses

EUR million	2015	2014
Interest expense on financial liabilities measured at amortised cost	-8.1	-17.5
Interest expense on interest rate derivatives		
Designated as hedges	-0.6	-0.3
Held for trading	0.0	-0.1
Exchange rate losses and changes in fair value		
Loans and receivables	-131.9	-203.6
Foreign currency derivatives held for trading	-77.2	-92.3
Other financial expenses	-4.9	-2.1
Total	-222.7	-315.9

Other financial expenses in 2015 include a EUR 2.7 million tender premium related to a buy-back of a bond, and a net income of EUR 1.0 million (expense EUR 1.6 million in 2014) reversed penalty interests related to additional taxes.

10. Tax expense

EUR million	2015	2014
Current tax expense	-42.5	-47.2
Adjustment for prior periods	5.1	-8.5
Change in deferred tax	3.9	2.8
Total	-33.5	-52.8

The reconciliation of tax expense recognised in the income statement and tax expense using the domestic corporate tax rate (2015: 20.0%, 2014: 20.0%):

EUR million	2015	2014
Profit before tax	274.2	261.2
Tax expense using the domestic corporate tax rate	-54.8	-52.2
Effect of deviant tax rates in foreign subsidiaries	18.2	16.5
Tax exempt revenues and non-deductible expenses	-1.1	-3.7
Utilised prior losses with unrecognised tax benefits	0.0	0.2
Losses on which no deferred tax benefits recognised	-1.8	-5.4
Adjustment for prior periods	5.1	-8.5
Other items	0.8	0.2
Tax expense	-33.5	-52.8

Income tax relating to components of other comprehensive income:

	2015		
EUR million	Before tax amount	Tax benefit	Net of tax amount
Cash flow hedges	-0.4	0.1	-0.3
Translation differences on foreign operations	-55.2		-55.2
	-55.6	0.1	-55.5

	2014		
EUR million	Before tax amount	Tax benefit	Net of tax amount
Cash flow hedges	-2.3	0.4	-1.9
Translation differences on foreign operations	-202.1		-202.1
	-204.4	0.4	-204.0

11. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of shares outstanding during the period. The average weighted number of shares used for the calculation of diluted EPS takes into consideration the dilutive effect of the options outstanding during the period and the convertible bond loan.

EUR million	2015	2014
Profit attributable to the equity holders of the parent	240.7	208.4
Interest on the convertible bond (adjusted with taxes)	-	3.8
Profit for the period to calculate the diluted earnings per share	240.7	212.2
Shares, 1,000 pcs		
Weighted average number of shares	133,626	133,163
Dilutive effect of the options	118	62
Convertible bonds traded for company shares	-	1,878
Diluted weighted average number of shares	133,744	135,103
Earnings per share, euros		
Basic	1.80	1.56
Diluted	1.80	1.56

12. Property, plant and equipment

EUR million	Land property	Buildings	Machinery and equipment	Other tangible assets	Advances and fixed assets under construction	Total
Accumulated cost, 1 Jan 2014	5.9	301.9	857.9	20.2	98.6	1,284.6
Increase	0.0	1.2	32.2	0.5	59.6	93.6
Acquisitions through business combinations		0.1	0.9			1.0
Decrease	-0.1	-0.5	-24.4	-0.2	-1.2	-26.4
Transfers between items	1.2	21.6	69.2	0.3	-95.5	-3.2
Other changes			-0.1			-0.1
Exchange differences	-4.1	-74.3	-161.2	-4.1	-18.6	-262.2
Accumulated cost, 31 Dec 2014	3.0	250.0	774.7	16.8	42.9	1,087.4
Accum. Depreciation, 1 Jan 2014		-70.8	-516.3	-13.7		-600.8
Depreciation for the period		-11.6	-68.5	-1.4		-81.5
Decrease		0.0	2.3	0.1		2.4
Other changes		0.2	6.7		0.3	7.1
Exchange differences	3.4	13.0	69.2	2.9		88.4
Accum. Depreciation, 31 Dec 2014	3.4	-69.2	-506.7	-12.1		-584.6
Carrying amount, 31 Dec 2014	6.4	180.7	267.9	4.7	43.2	502.8
Accumulated cost, 1 Jan 2015	3.0	250.0	774.7	16.8	42.9	1,087.4
Increase	0.6	1.2	32.3	0.7	72.0	106.7
Acquisitions through business combinations			0.6			0.6
Decrease		-7.7	-18.3	-0.3	-22.8	-49.1
Transfers between items	0.5	7.9	36.3	0.1	-33.1	11.6
Other changes	3.4				-3.6	-0.2
Exchange differences		-12.7	-30.4	-0.4	-2.3	-45.7
Accumulated cost, 31 Dec 2015	7.5	238.6	795.2	16.8	53.0	1,111.2
Accum. Depreciation, 1 Jan 2015	3.4	-69.2	-506.7	-12.1		-584.6
Depreciation for the period		-8.1	-58.4	-1.3		-67.8
Decrease			3.1	0.2		3.3
Other changes	-3.4	6.2	3.7			6.6
Exchange differences		1.7	14.5	0.4		16.5
Accum. Depreciation, 31 Dec 2015	0.0	-69.4	-543.9	-12.8		-626.2
Carrying amount, 31 Dec 2015	7.5	169.2	251.3	4.0	53.0	485.0

13. Finance leases

EUR million	Buildings	Machinery and equipment
Accumulated cost, 1 Jan 2014	7.7	4.4
Decrease/Increase	-	-4.3
Accum. depreciation	-6.9	0.0
Carrying amount, 31 Dec 2014	0.8	0.1
Accumulated cost, 1 Jan 2015	7.7	0.1
Decrease/Increase	-7.7	0.0
Accum. depreciation	-	-0.1
Carrying amount, 31 Dec 2015	0.0	0.1

14. Intangible assets

EUR million	Goodwill	Intangible rights	Other intangible assets	Total
Accumulated cost, 1 Jan 2014	69.8	48.1	19.2	137.1
Increase		0.3	0.7	0.9
Acquisitions through business combinations	3.8			3.8
Decrease			-0.6	-0.6
Transfers between items		3.2		3.2
Other changes	0.4	0.0		0.4
Exchange differences	-0.8	-0.1	-3.5	-4.4
Accumulated cost, 31 Dec 2014	73.3	51.4	15.8	140.4
Accum. Depreciation, 1 Jan 2014		-32.0	-10.5	-42.5
Depreciation for the period		-6.8	-1.6	-8.4
Decrease			0.1	0.1
Other changes		2.0		2.0
Exchange differences		0.0	1.4	1.3
Accum. Depreciation, 31 Dec 2014	-	-36.8	-10.6	-47.4
Carrying amount, 31 Dec 2014	73.3	14.6	5.2	93.1
Accumulated cost, 1 Jan 2015	**73.3**	**51.4**	**15.8**	**140.4**
Increase		**0.3**	**0.2**	**0.5**
Acquisitions through business combinations	**5.2**			**5.2**
Decrease		**-4.0**		**-4.0**
Transfers between items		**5.4**	**1.9**	**7.3**
Other changes		**-0.3**		**-0.3**
Exchange differences	**0.7**		**-0.6**	**0.1**
Accumulated cost, 31 Dec 2015	**79.2**	**52.8**	**17.3**	**149.2**
Accum. Depreciation, 1 Jan 2015		**-36.8**	**-10.6**	**-47.4**
Depreciation for the period		**-5.0**	**-1.3**	**-6.3**
Decrease				**0.0**
Other changes		**2.8**		**2.8**
Exchange differences			**0.2**	**0.2**
Accum. Depreciation, 31 Dec 2015	**-**	**-39.0**	**-11.7**	**-50.7**
Carrying amount, 31 Dec 2015	**79.2**	**13.8**	**5.6**	**98.5**

Impairment tests for goodwill
Goodwill has been allocated to the Group's cash-generating units that have been defined according to the business organisation.

Allocation of goodwill

EUR million	
Passenger Car Tyres	**50.3**
Vianor	**28.9**
Total goodwill	**79.2**

The recoverable amount of a cash-generating unit is based on calculations of the value in use. The cash flow forecasts used in these calculations are based on five-year financial plans approved by the management. The estimated sales and production volumes are based on the current condition and scope of the existing assets. The key assumptions used in the plans include product selection, country-specific sales distribution, margin on products, and their past actual outcomes. Assumptions are also based on commonly used growth, demand and price forecasts provided by market research institutes.

The discount rate used is the weighted average cost of capital (WACC) before taxes defined for the Group. The calculation components are risk-free rate of return, market risk premium, industry-specific beta co-efficient, borrowing cost and the capital structure at market value at the time of testing. The discount rate used for Passenger Car Tyres is 7.2% (7.9% in 2014) and for Vianor is 6.3-11.9% (7.2–11.8% in 2014) varying through country locations. Future cash flows after the forecast period approved by the management have been capitalised as a terminal value using a steady 2% growth rate and discounted with the discount rate specified above.

The testing indicated no need to recognise impairment losses. In Vianor the calculations indicated that the recoverable amount exceeded the carrying value by EUR 70 million (EUR 43 million in 2014). Of the key assumptions, Vianor is the most sensitive to actual realisation of gross margin levels based on demand forecasts. A lag of mere 1.1%-units from the gross margin target levels in future years might lead to a need for impairment. The recoverable amount in Passenger Car Tyres significantly (well over 100%) exceeds the carrrying amount of the cash-generating unit, and small sales margin or sales volume changes have no effect on the impairment testing results. A possible impairment would require e.g. an annual decrease above 20% in net sales or a weakening of the present gross margin level permanently over 50%.

15. Carrying amounts and fair values of financial assets and liabilities

		2015				2014			
		Carrying amount	Fair value			Carrying amount	Fair value		
EUR million	Note		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets									
Financial assets at fair value through profit or loss									
Derivatives held for trading	(30)	8.9	-	8.9	-	19.2	-	19.2	-
Money market instruments	(21)	6.0	-	6.0	-	-	-	-	-
Loans and receivables									
Other non-current receivables	(17)	8.8	-	6.8	-	10.0	-	7.0	-
Trade and other receivables	(20)	360.1	-	360.7	-	355.2	-	355.8	-
Cash in hand and at bank	(21)	423.3	-	423.3	-	439.9	-	439.9	-
Available-for-sale financial assets									
Unquoted shares	(16)	0.3	-	-	0.3	0.3	-	-	0.3
Derivative financial instruments designated as hedges	(30)	19.9	-	19.9	-	0.3	-	0.3	-
Total financial assets		827.2	-	825.5	0.3	824.9	-	822.2	0.3
Financial liabilities									
Financial liabilities at fair value through profit or loss									
Derivatives held for trading	(30)	15.4	-	15.4	-	13.8	-	13.8	-
Financial liabilities measured at amortised cost									
Interest-bearing financial liabilities	(26)	219.6	-	224.2	-	275.2	-	279.8	-
Trade and other payables	(28)	55.7	-	55.7	-	63.9	-	63.9	-
Derivative financial instruments designated as hedges	(30)	5.5	-	5.5	-	4.8	-	4.8	-
Total financial liabilities		296.1	-	300.8	-	357.7	-	362.3	-

The carrying amount of financial assets corresponds to the maximum exposure to the credit risk on the reporting date.

Fair value measurements have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

All financial assets and liabilities at fair value have been classified to Level 2 in the fair value hierarchy. Level 2 includes Group's derivative financial instruments and money market investments. To establish the fair value of these instruments the Group uses generally accepted valuation models with inputs based on observable market data.

Financial assets and liabilities not measured at fair value but for which the fair value can be measured are categorised in Level 2 and Level 3 in the fair value hierarchy. Level 2 includes loans and receivables and financial liabilities measured at amortised cost. Their fair values are based on the future cash flows that are discounted with market interest rates on the reporting date. Level 3 includes unquoted shares for which the cost is assessed to represent the fair value.

There were no transfers between different levels during the financial year.

16. Investments in associates and available-for-sale financial assets

EUR million	Investments in associates	Unquoted shares
Accumulated cost, 1 Jan 2015	**0.1**	**0.3**
Decrease/Increase	**-**	**0.0**
Accumulated cost, 31 Dec 2015	**0.1**	**0.3**
Carrying amount, 31 Dec 2015	**0.1**	**0.3**
Carrying amount, 31 Dec 2014	0.1	0.3

17. Other non-current receivables

EUR million	2015	2014
Loan receivables	**8.8**	10.0
Finance lease receivables	**-**	-
Total	**8.8**	10.0

Maturing of finance lease receivables

EUR million	2015	2014
Finance lease receivables - gross invest		
In less than 1 year	**2.6**	5.4
In 1 to 5 years	**-**	-
In over 5 years	**-**	-
	2.6	5.4
Finance lease receivables - net invest		
In less than 1 year	**2.5**	5.3
In 1 to 5 years	**-**	-
In over 5 years	**-**	-
	2.5	5.3
Future finance lease income	**0.1**	0.1
Finance lease receivables	**2.5**	5.3

On 31 December 2015 the Group's finance lease receivables relating to Vianor outlets amounted to EUR 2.5 million (EUR 5.3 million in 2014). In 2015 the amount of contingent rents were EUR 0.0 million (EUR 0.0 million in 2014). The unguaranteed residual values to the benefit of the lessor is EUR 2.5 million (EUR 2.9 million in 2014).

18. Deferred tax assets and liabilities

EUR million	31 Dec 2013	Recognised in income statement	Recognised in other comprehensive income	Net exchange differences	Acquisitions/ disposals of subsidiaries	31 Dec 2014
Deferred tax assets						
Intercompany profit in inventory	10.1	0.3				10.4
Provisions	0.3	0.0				0.3
Tax losses carried forward	0.2	-0.1				0.1
Cash flow hedges	0.2		0.4			0.6
Other items	9.1	0.7		0.0		9.8
Total	19.8	1.0	0.4	0.0		21.2
Deferred tax assets offset against deferred tax liabilities	-11.0	-1.1				-12.1
Deferred tax assets	8.8	-0.1	0.4	0.0		9.1
Deferred tax liabilities						
Property, plant and equipment and intangible assets	22.8	-4.3		-0.8		17.6
Untaxed reserves	0.7	0.0				0.7
Convertible bond	0.3	-0.2				0.1
Undistributed earnings in subsidiaries	21.3	-1.1				20.2
Other items	2.1	-1.9				0.2
Total	47.1	-7.5	-	-0.8	0.0	38.8
Deferred tax liabilities offset against deferred tax assets	-11.0	-1.1				-12.1
Deferred tax liabilities	36.1	-8.6	-	-0.8	0.0	26.7

EUR million	31 Dec 2014	Recognised in income statement	Recognised in other comprehensive income	Net exchange differences	Acquisitions/ disposals of subsidiaries	**31 Dec 2015**
Deferred tax assets						
Intercompany profit in inventory	10.4	2.6				13.0
Provisions	0.3	0.1				0.4
Tax losses carried forward	0.1	0.0				0.0
Cash flow hedges	0.6		-0.6			0.1
Other items	9.8	-0.4		-0.2		9.2
Total	21.2	2.3	-0.6	-0.2		22.8
Deferred tax assets offset against deferred tax liabilities	-12.1	-3.2				-15.3
Deferred tax assets	9.1	-0.9	-0.6	-0.2		7.5
Deferred tax liabilities						
Property, plant and equipment and intangible assets	17.6	0.4		-0.6		17.4
Untaxed reserves	0.7	-0.1				0.6
Convertible bond	0.1	-0.1				0.0
Undistributed earnings in subsidiaries	20.2	1.0				21.2
Other items	0.2	1.7				1.9
Total	38.8	2.8	-	-0.6		41.1
Deferred tax liabilities offset against deferred tax assets	-12.1	-3.2				-15.3
Deferred tax liabilities	26.7	-0.4	-	-0.6		25.7

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

On 31 December 2015 the Group had carry forward losses for EUR 2.4 million (EUR 3.5 million in 2014), on which no deferred tax asset was recognised. It is not probable that future taxable profit will be available to offset these losses before they expire by 2022.

The Group has utilised previously unrecognised tax losses from prior periods with EUR 0.0 million in 2015 (EUR 0.9 million in 2014).

No deferred tax liability was recognised on the undistributed earnings, EUR 57.6 million in 2015 (EUR 51.0 million in 2014), of foreign subsidiaries as the earnings have been invested permanently to the countries in question.

19. Inventories

EUR million	2015	2014
Raw materials and supplies	89.8	100.2
Work in progress	6.2	7.0
Finished goods	175.3	181.0
Total	271.3	288.3

Annually an additional expense is recognised in the carrying amounts of all separate inventory items to avoid them exceeding their maximum probable net realisable values. In 2015 EUR 1.0 million expense was recognised to decrease the carrying amount of the inventories to reflect the net realisable value (EUR 0.9 million in 2014).

20. Trade and other receivables

EUR million	2015	2014
Trade receivables	356.9	351.0
Loan receivables	3.2	4.2
Accrued revenues and deferred expenses	13.1	47.1
Derivative financial instruments		
Designated as hedges	19.8	0.0
Measured at fair value through profit or loss	8.9	4.2
Other receivables	39.2	38.1
Total	441.1	444.6

The carrying amount of trade and other receivables corresponds to the maximum exposure to the credit risk on the reporting date.

The carrying amount of trade and other receivables is a reasonable approximation of their fair value.

The balance amount of recognised losses is EUR 35.9 million (EUR 21.6 million in 2014).

The Group recognised expenses for losses on trade receivables worth EUR 17.7 million in 2015 (EUR 8.8 million in 2014).

Significant items under accrued revenues and deferred expenses

EUR million	2015	2014
Annual discounts, purchases	2.8	2.1
Financial items	1.1	25.8
Social security contributions	6.8	6.3
Insurances	0.1	0.4
Payments in transit	1.9	2.8
Other items	0.4	9.8
Total	13.1	47.1

Significant items under other receivables

EUR million	2015	2014
VAT receivables	33.7	36.8
Advance payments	5.5	1.2
Total	39.2	38.0

21. Cash and cash equivalents

EUR million	2015	2014
Cash in hand and at bank	423.3	439.9
Money market instruments	6.0	-
Total	429.3	439.9

22. Equity

Reconciliation of the number of shares

EUR million	Number of shares (1,000 pcs)	Share capital	Share premium	Paid-up unrestricted equity reserve	Treasury shares	Total
1 Jan 2014	133,287	25.4	181.4	97.1	-	303.9
Exercised warrants	184	-	-	2.5	-	2.5
Acquisition of treasury shares	-300	-	-	-	-8.6	-8.6
Other changes	-	-	-	0.7	-	0.7
31 Dec 2014	133,171	25.4	181.4	100.3	-8.6	298.5
1 Jan 2015	**133,171**	**25.4**	**181.4**	**100.3**	**-8.6**	**298.5**
Exercised warrants	**1,220**	**-**	**-**	**33.3**	**-**	**33.3**
Acquisition of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**
Other changes	**-**	**-**	**-**	**-0.7**	**-**	**-0.7**
31 Dec 2015	**134,391**	**25.4**	**181.4**	**133.0**	**-8.6**	**331.2**

The nominal value of shares was abolished in 2008, hence no maximum share capital of the Group exists anymore. All outstanding shares have been paid for in full.

Below is a description of the reserves within equity:

Share premium
Before the nominal value of shares was abolished, the amount exceeding the nominal value of shares received by the company in connection with share issue and share subscription were recognised in share premius.

Translation reserve
Translation reserve includes the differences arising from the translation of the foreign subsidiaries' financial statements. The gains and losses from the net investments in foreign units and hedging those net investments are also included in translation reserve once the requirements of hedge accounting have been met.

Fair value and hedging reserves
The fair value and hedging reserves comprises of two sub-funds: the fair value reserves for available-for-sale financial assets, and the hedging fund for changes in the fair values of derivative instruments used for cash flow hedging.

Paid-up unrestricted equity reserve
After the nominal value of shares was abolished, the entire share subscription made by option rigts are entered in the paid-up unrestricted reserve.

Treasury shares
The Group or the Parent company themselves do not directly hold any treasury shares.

The Group has entered into an agreement with a third-party service provider concerning administration and hedging of the share-based incentive program for key personnel. As a part of this agreement, the service provider purchases and administers shares for hedging the underlying cash flow risk and implementing the program. The third party owns the shares until the shares are given to the participants within the program. Despite the legal form of the hedging arrangement, it has been accounted for as if the share purchases had been conducted directly by the Group. During 2014, a total number of 300,000 shares was acquired. At the end of finacial year 2015 the total number of shares was 300,000, which corresponds 0.2 per cent of all shares of the Company.

Dividends
After the balance sheet date, the Board of Directors proposed that a dividend of EUR 1.50 per share be paid (EUR 1.45 in 2014).

Specification of the distributable funds
The distributable funds on 31 December 2015 total EUR 575,6 million (EUR 519.1 million on 31 December 2014) and are based on the balance of the Parent company and the Finnish legislation.

23. Share-based payments

Share option plans

Share option plan 2010 directed at personnel

The Annual General Meeting in 2010 decided to issue a share option plan, as a part of the Group's incentive scheme, to employees of the Group or persons recruited to the Group at a later stage. The Board issued the shares in spring 2010 (2010A warrants), 2011 (2010B warrants) and 2012 (2010C warrants).

The share options were granted to the personnel employed by or in the service of the Nokian Tyres Group and to Direnic Oy, a wholly owned subsidiary of Nokian Tyres. Should a share option holder cease to be employed by or in the service of the Nokian Tyres Group before the warrants become exercisable, for any other reason than the death of the employee, or the statutory retirement of the employee in compliance with the employment contract, or the retirement of the employee otherwise determined by the company, the holder shall without delay and compensation offer to Nokian Tyres or its order the share options for which the share subscription period under the terms and conditions had not begun at the last day of such holder's employment or service.

Share option plan 2013 directed at personnel

The Annual General Meeting in 2013 decided to issue a share option plan, as a part of the Group's incentive scheme, to employees of the Group or persons recruited to the Group at a later stage. The Board issued the shares in spring 2013 (2013A warrants), 2014 (2013B warrants) and 2015 (2013C warrants).

The share options were granted to the personnel employed by or in the service of the Nokian Tyres Group and to Direnic Oy, a wholly owned subsidiary of Nokian Tyres. Should a share option holder cease to be employed by or in the service of the Nokian Tyres Group before the warrants become exercisable, for any other reason than the death of the employee, or the statutory retirement of the employee in compliance with the employment contract, or the retirement of the employee otherwise determined by the company, the holder shall without delay and compensation offer to Nokian Tyres or its order the share options for which the share subscription period under the terms and conditions had not begun at the last day of such holder's employment or service.

The following tables present more specific information on the share option plans.

	2010 warrants		2013 warrants			
BASIC INFORMATION	2010B	2010C	2013A	2013B	2013C	Total
Annual General Meeting date	8 April 2010	8 April 2010	11 April 2013	11 April 2013	11 April 2013	
Initial amount of options, pcs	1,340,000	1,340,000	1,150,000	1,150,000	1,150,000	6,130,000
Shares to subscribe per option, pcs	1	1	1	1	1	
Initial exercise price, EUR	32.90	35.30	32.26	29.54	24.42	
Dividend adjustment	yes	yes	yes	yes	yes	
Current exercise price, EUR	-	30.95	29.36	28.09	24.42	
Initial allocation date	5 May 2011	8 May 2012	29 April 2013	5 May 2014	7 May 2015	
Vesting date	1 May 2013	1 May 2014	1 May 2015	1 May 2016	1 May 2017	
Expiration date	31 May 2015	31 May 2016	31 May 2017	31 May 2018	31 May 2019	
Maximum contractual life, years	4.1	4.1	4.1	4.1	4.1	4.1 *
Remaining contractual life, years	0.0	0.4	1.4	2.4	3.4	1.5 *
Participants at the end of period	expired	1,329	1,685	3,273	3,391	
Method of settlement	in equity					
Vesting condition	employment requirement until the vesting date					

* Weighted average

TRANSACTIONS DURING THE PERIOD	2010 warrants 2010B	2010C	2013 warrants 2013A	2013B	2013C	Exercise price, weighted average, EUR	Total
1 January 2015							
At the beginning of the period (pcs)							
outstanding	1,252,910	1,269,390	1,122,524	1,052,185	0	28.97	4,697,009
reserve	86,890	70,610	27,476	97,815	0	28.70	282,791
Changes during the period (pcs)							
Granted during the period	0	0	0	21,451	1,062,960	24.49	1,084,411
Forfeited during the period	0	0	32,020	83,700	49,895	27.23	165,615
Exercised during the period	1,220,141	80	120			27.35	1,220,341
Weighted average exercise price during the exercise period, EUR	27.35	30.95	29.36			27.35	
Weighted average share price during the excercise period, EUR*	26.51	28.01	29.88			28.01	
Expired during the period	119,659					27.35	119,659
31 December 2015							
At the end of the period (pcs)							
exercised	1,220,341	80	120			27.35	1,220,541
outstanding	0	1,269,310	1,090,384	989,936	1,013,065	28.39	4,362,695
vested & outstanding	0	1,269,310	1,090,384			30.22	2,359,694
reserve	0	70,610	59,496	160,064	136,935	27.56	427,105

* The weighted average price of the Nokian Tyres plc share during the period that the option in question was exercisable in 2015.

Measurement of fair value

The fair value of share options is determined with Black-Scholes option pricing model. The fair value of the options is determined at the grant date and recognised as expense in employee benefits until vesting. The decision date by the Board of Directors is the grant date.

Main assumptions for Black-Scholes model to options granted during the period	2013B	2013C
Share price at grant, EUR	29.72	26.75
Share price at reporting date, EUR	33.10	33.10
Exercise price, EUR	28.09	24.42
Expected volatility, % *	29.03	32.50
Option life, years	2.6	4.0
Risk-free interest rate, %	-0.19	0.60
Expected dividends, EUR	0.00	0.00
Fair market value per option at grant, EUR	6.16	9.42
Total fair value 31 December 2015, MEUR	0.1	9.5

* The determination of expected volatility was based on the historical volatility of the share using monthly observations over corresponding remaining option life.

EUR million	2015	2014
Impact on period profits and financial position		
Expense recognised for the period	**8.3**	9.6
Expense recognised for the period, equity-settled	**8.3**	9.6
Liability for cash-settlements on 31 December	**-**	-

Performance share plans

Performance share plan directed at key employees 2013
In 2013 the Board approved a new share based incentive plan for the key employees of the Group. The plan was intended to combine the objectives of the shareholders and the key employees in order to increase the value of the Group, to commit the key employees to the Group, and to offer them a competitive incentive plan based on earning the Nokian Tyres's shares. The plan included three earning periods, calendar years 2013, 2014 and 2015. The Board decided on the performance criteria and their targets for the plan at the beginning of each earning period.

The performance shares were granted to the key employees of the Nokian Tyres Group. In general no performance shares were released, if the key employee's employment or service ends before the end of earning period. The performance shares may not be transferred during an approximately two-year restriction period established for the shares.

The following tables present more specific information on the performance share plans.

	Performance Share Plan 2013 Earning period			
BASIC INFORMATION	2013	2014	2015	Total
Issuing date	5 February 2013	5 February 2013	5 February 2013	
Annual General Meeting date	11 April 2013	11 April 2013	11 April 2013	
Initial amount of shares, pcs	100,000	100,000	200,000	400,000
Dividend adjustment	no	no	no	
Initial allocation date	29 April 2013	6 May 2014	7 May 2015	
Beginning of earning period	1 January 2013	1 January 2014	1 January 2015	
End of earning period	31 December 2013	31 December 2014	31 December 2015	
End of restriction period	31 December 2016	31 December 2017	31 December 2018	
Vesting conditions	Net sales & operating profit	Net sales & operating profit	Net sales & operating profit	
Maximum contractual life, years	3.7	3.7	3.7	3.7 *
Remaining contractual life, years	1.0	2.0	3.0	2.3 *
Participants at the end of period	37	38	38	
Method of settlement	in equity & cash	in equity & cash	in equity & cash	

* Weighted average

TRANSACTIONS DURING THE PERIOD	2013	2014	2015	Total
1 January 2015				
At the beginning of the period (pcs) outstanding	0	93,200	0	93,200
Changes during the period (pcs)				
Granted during the period	0	0	192,200	192,200
Forfeited during the period	0	0	19,400	19,400
Expired during the period	0	93,200	0	93,200
31 December 2015				
At the end of the period (pcs) outstanding	0	0	172,800	172,800

Measurement of fair value
Inputs to the fair value determination of the performance shares expensed during the financial year 2015 are listed in the below table as weighted average values. The total fair value of the performance shares is based on the company's estimate on 31 December 2015 as to the number of shares to be eventually vesting.

Earning period 2015	
Share price at grant, EUR	**28.75**
Share price at reporting date, EUR	**33.10**
Expected dividends, EUR	**1.45**
Fair market value per share at grant, EUR	**25.85**
Total fair value 31 December 2015, EUR million	**4.5**

EUR million	**2015**	2014
Impact on period profits and financial position		
Expense for the period	**0.8**	0.0
Expense for the period, equity-settled	**0.2**	0.0
Liability for cash-settlements on 31 Dec.	**0.6**	0.0

24. Pension liabilities

All material pension arrangements in the Group are defined contribution plans.

25. Provisions

EUR million	Warranty provision	Restructuring provision	Total
1 Jan 2015	**2.8**	**0.1**	**2.9**
Provisions made	**3.1**	**0.2**	**3.3**
Provisions used	**-2.8**	**-0.1**	**-2.9**
31 Dec 2015	**3.1**	**0.2**	**3.3**

EUR million	2015	2014
Non-current provisions	**0.5**	0.1
Current provisions	**2.8**	2.8

Warranty provision
The goods are sold with a normal warranty period. Additionally, a Hakka Guarantee warranty has been established in certain markets for certain products to compensate tyre damages not covered by the normal warranty, one year after the purchase and to a certain wear limit. Damaged goods will be repaired at the cost of the company or replaced with a corresponding product. The provisions are based on the sales and statistical compensation volumes of the tyres sold under these warranties. The warranty provisions are expected to be utilised within two years.

Restructuring provision
Due to the economic uncertainty, also in 2014 and 2015 the annual production volume in Passenger Car Tyres and Heavy Tyres -units at the Nokia factory was adjusted to meet the reduced order stock with lay-offs in various periods, personnel cuts and pension arrangements.

Out of the cost impacts of these adjustment measures EUR 0.2 million have been expensed in 2015 (EUR 0.0 million in 2014). The still unrealised estimated costs of the liability components for the probable continued allowances to the dismissed, collected by the Unemployment Insurance Fund in due course, have been recorded both as current and non-current provisions. The remaining provision is expected to be utilised evenly between years 2016-2018.

26. Interest-bearing financial liabilities

EUR million	2015	2014
Non-current		
Loans from financial institutions and pension loans	**112.1**	124.5
Bond loans	**87.6**	149.6
Finance lease liabilities	**0.0**	0.5
	199.7	274.7
Current		
Commercial papers	**-**	-
Current portion of non-current loans from financial institutions and pension loans	**19.8**	-
Current portion of finance lease liabilities	**0.0**	0.6
	19.9	0.6

Interest-bearing financial liabilities by currency

EUR million	2015	2014
Currency		
EUR	**199.7**	253.1
RUB	**19.8**	22.1
Total	**219.6**	275.2

Effective interest rates for interest-bearing financial liabilities

EUR million	2015 Without hedges	2015 With hedges
Loans from financial institutions and pension loans	**2.6%**	**3.1%**
Bond loans	**3.4%**	**3.4%**
Finance lease liabilities	**4.5%**	**4.5%**
Commercial papers	**-**	**-**
Total	**2.9%**	**3.2%**

EUR million	2014 Without hedges	2014 With hedges
Loans from financial institutions and pension loans	3.0%	3.5%
Bond loans	3.4%	3.4%
Finance lease liabilities	7.2%	7.2%
Commercial papers	-	-
Total	3.2%	3.4%

See note 15 for the fair values of the interest-bearing financial liabilities.

27. Maturing of finance lease liabilities

EUR million	2015	2014
Minimum lease payments		
In less than 1 year	0.0	0.6
In 1 to 5 years	-	0.5
In over 5 years	-	0.0
	0.0	1.2
Present value of minimum lease payments		
In less than 1 year	0.0	0.6
In 1 to 5 years	-	0.5
In over 5 years	-	0.0
	0.0	1.2
Future finance charges	0.0	0.0
Total of minimum lease payments	0.0	1.2

On 31 December 2015 the Group's finance leases relating to machinery and equipment amounted to EUR 0.1 million (EUR 0.9 million on 31 December 2014) and they were included in property, plant and equipment. In 2015 the amount of contingent lease payments were EUR +0.0 million (EUR +0.1 million in 2014). None of the finance lease payments are bound to any interest rate.

28. Trade and other payables

EUR million	2015	2014
Trade payables	55.7	63.9
Accrued expenses and deferred revenues	71.7	57.6
Advance payments	1.0	5.4
Derivative financial instruments		
Designated as hedges	4.4	2.0
Measured at fair value through profit or loss	15.4	18.6
Other liabilities	94.3	112.5
Total	242.4	259.9

The carrying amount of trade and other payables is a reasonable approximation of their fair value.

Other liabilities in 2015 contain EUR 51.0 million for tax reassessment decisions on years 2007-2010 (EUR 66.0 million in 2014).

Significant items under accrued expenses and deferred revenues

EUR million	2015	2014
Wages, salaries and social security contributions	29.5	24.6
Annual discounts, sales	30.2	24.9
Financial items	5.0	3.2
Commissions	1.5	1.3
Goods received and not invoiced	0.8	0.7
Other items	4.8	2.8
Total	71.7	57.6

29. Financial risk management

The objective of financial risk management is to protect the Group's planned profit development from adverse movements in financial markets. The principles and targets of financial risk management are defined in the Group's financial policy, which is updated and approved by the Board. Financing activities and financial risk management are centralized to the parent company Group Treasury, which enters into financing and hedging transactions with external counterparties and acts as a primary counterparty to business units in financing activities, like funding, foreign exchange transactions and cash management. The Group Credit Committee is responsible for the credit policy and makes the credit decisions that have a significant impact on the credit exposure.

Foreign currency risk

The Nokian Tyres Group consists of the parent company in Finland, separate sales companies in Russia, Sweden, Norway, the USA, Canada, Czech Republic, Switzerland, Ukraine, Kazakhstan, Belarus and China, the tyre chain companies in Finland, Sweden, Norway, Russia, Switzerland and the USA, and the tyre plants located in Nokia, Finland and Vsevolozhsk, Russia.

Transaction risk

According to the Group's financial policy, transactions between the parent company and the Group companies are primarily carried out in the local currency of the Group company in question and therefore transaction risk is carried by the parent company and there is no significant currency risk in the foreign Group companies. Exceptions to this main rule are the Group companies which have non-home currency items due to the nature of the business activities. In that case transactions between the parent company and the Group company are carried out in a currency suitable for the Group currency exposure. The parent company manages transaction risk in these Group companies and implements required hedging transactions for hedging the currency exposure of the Group company according to the Group hedging principles. Hedging principles are not applied to the currency exposure of Ukrainian and Belarusian subsidiaries. Transactions between Ukrainian subsidiary and the parent company are carried out in EUR and Belarusian subsidiary and the parent company in RUB as UAH and BYR are non-convertible currencies.

The open foreign currency exposure of the parent company and the Group companies with non-home currency items comprises of the foreign currency denominated receivables and payables in the statement of financial position and the foreign currency denominated binding purchase and sales contracts (transaction exposure). For risk management purposes, estimated currency cash flows are added to the open foreign currency exposure so that the overall foreign currency risk exposure horizon covers the next 12 months (budget exposure). According to the Group's financial policy the significant transaction exposure in every currency pair is hedged, although 20% over-hedging or under-hedging is allowed if a +/- 10% change in the exchange rate does not create over EUR 1 million impact on the income statement. However, a simultaneous +/- 10% change in all the Group exposure currencies against EUR must not create over a EUR 5 million impact on the income statement. Exceptions to the main rule are non-convertible currencies, which do not have active hedging market available. The budget exposure is hedged according to the market situation and the hedge ratio can be 70% of the budget exposure at maximum. As hedging instruments, currency forwards, currency options and cross-currency swaps are used.

Transaction risk
EUR million

	31 Dec 2015								31 Dec 2014							
Functional currency	EUR	EUR	EUR	EUR	EUR	CZK	UAH	RUB	EUR	EUR	EUR	EUR	EUR	CZK	UAH	RUB
Foreign currency	KZT	NOK	RUB	SEK	USD	EUR	EUR	EUR	KZT	NOK	RUB	SEK	USD	EUR	EUR	EUR
Trade receivables	0.0	14.6	19.9	25.1	23.0	87.2	0.0	59.8	0.0	14.3	18.7	20.6	19.7	75.9	0.4	65.6
Loans and receivables	0.0	29.8	97.3	151.0	13.2	12.9	0.0	0.0	0.0	27.0	108.2	51.7	3.2	18.5	0.1	0.0
Total currency income	0.0	44.3	117.2	176.1	36.2	100.1	0.1	59.8	0.0	41.2	126.9	72.3	22.9	94.4	0.5	65.6
Trade payables	0.0	0.0	-0.1	0.0	-0.4	-50.7	-2.0	-3.0	0.0	0.0	-0.1	0.0	-0.5	-38.8	-3.6	-2.7
Borrowings	0.0	-29.9	-145.3	0.0	-0.5	-47.8	-3.6	-55.3	0.0	-23.4	-30.4	0.0	-31.3	-66.5	-4.3	-60.0
Total currency expenditure	0.0	-29.9	-145.4	0.0	-0.9	-98.5	-5.6	-58.3	0.0	-23.4	-30.5	0.0	-31.8	-105.3	-7.9	-62.7
Foreign exchange derivatives	0.0	-11.5	28.1	-173.0	-33.0	-2.5	0.0	0.0	0.0	-17.7	-99.5	-71.9	7.6	7.0	0.0	0.0
Binding sales contracts	0.0	3.4	1.7	3.7	4.0	58.4	0.0	0.0	0.0	1.9	0.9	2.3	0.7	27.2	0.0	0.0
Binding purchase contracts	0.0	0.0	0.0	0.0	-2.7	-50.3	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	0.0	0.0	0.0
Future interest items	2.1	0.5	-9.8	0.3	0.0	-0.4	-0.3	-0.4	2.2	0.6	8.9	0.6	0.0	-0.5	-0.1	-0.6
Net exposure	2.1	6.9	-8.1	7.1	3.6	7.2	-5.8	1.5	2.2	2.6	6.8	3.4	-1.4	23.3	-7.5	2.9

Translation risk

In financial statements the statements of financial position of the foreign subsidiaries are translated into euro using the European Central Bank's closing rates and the impacts of the exchange rate fluctuations from the foreign net investments are recorded as translation differences in other comprehensive income and in the translation reserve within equity. As the settlement of Group's internal loans in the foreign operations in Kazakhstan and Ukraine is not likely to occur in the foreseeable future, the loans are considered as a net investment in a foreign operation according to IAS21 'The Effects of Changes in Foreign Exchange Rates'. The net investments in foreign operations are not hedged based on the Board decision in 2013.

Group's total comprehensive income was negatively affected by translation differences on foreign operations by EUR -55.2 million (EUR -202.1 in 2014) of which EUR -13.7 million (EUR -10.0 million in 2014) was recorded on internal loans recognised as net investment in foreign operation.

The accumulated translation differences from a foreign subsidiary recorded in the translation reserve within equity through other comprehensive income are brought from equity to the income statement and entered as a gain or loss on the sale if a subsidiary is divested fully or in part.

Translation risk	**31 Dec 2015**			31 Dec 2014		
EUR million	Net investment	Hedge	Hedge ratio	Net investment	Hedge	Hedge ratio
Currency of net investment						
EUR *	**27.5**	-	- %	23.2	-	- %
KZT **	**6.0**	-	- %	10.6	-	- %
NOK	**29.6**	-	- %	26.9	-	- %
RUB	**460.2**	-	- %	374.3	-	- %
SEK	**16.5**	-	- %	15.4	-	- %
UAH	**-25.4**	-	- %	-21.3	-	- %
USD	**100.3**	-	- %	89.5	-	- %

* A loan denominated in EUR given to the Ukrainian subsidiary TOV Nokian Shina which is considered as a net investment in a foreign operation.
** The figure includes a loan denominated in KZT given to the Kazakhstani subsidiary TOO Nokian Tyres which is considered as a net investment in a foreign operation.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the base currency against the quote currency, with all other variables held constant, of the Group's profit before tax and equity due to changes in the fair value of financial assets and liabilities. A reasonably possible change is assumed to be a 10% base currency appreciation or depreciation against the quote currency. A change of a different magnitude can also be estimated fairly accurately because the sensitivity is nearly linear.

	31 Dec 2015 Base currency				31 Dec 2014 Base currency			
	10% stronger		10% weaker		10% stronger		10% weaker	
EUR million	Income statement	Equity	Income statement	Equity	Income statement	Equity	Income statement	Equity
Base currency / Quote currency								
EUR/CZK	**-0.1**	-	**0.1**	-	-0.4	-	0.4	-
EUR/KZT	**0.0**	-	**0.0**	-	0.0	-	0.0	-
EUR/NOK	**-0.3**	-	**0.3**	-	0.0	-	0.0	-
EUR/RUB	**0.2**	-	**-0.2**	-	0.6	-	-0.6	-
EUR/SEK	**-0.3**	-	**0.3**	-	-0.1	-	0.1	-
EUR/UAH	**-0.6**	-	**0.6**	-	-0.7	-	0.7	-
EUR/USD	**-0.1**	-	**0.1**	-	0.1	-	-0.1	-

Interest rate risk

The interest rate risk of the Group consists mainly of borrowing, which is split between floating and fixed rate instruments. On the reporting date the floating rate interest-bearing financial liabilities amounted to EUR 24.8 million (EUR 25.5 million in 2014) and the fixed rate interest-bearing liabilities EUR 194.7 million (EUR 249.7 million in 2014) including the interest rate derivatives. The Group's policy aims to have at least 50% of the non-current financial liabilities in fixed rate instruments. Interest rate risk is managed by using interest rate derivatives. On the reporting date the portion of the non-current fixed rate interest-bearing financial liabilities was 98% (91% in 2014) and the average fixing period of the interest-bearing financial liabilities was 34 months (33 months in 2014) including the interest rate derivatives. The Group uses interest rate derivatives as cash flow hedges and hedge accounting is mainly applied for those derivatives.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings and interest rate hedges measured at fair value through profit or loss and the Group's equity due to changes in the fair value of cash flow hedges. A reasonably possible change is assumed to be a 1%-point increase or decrease of the market interest rates. A change of a different magnitude can also be estimated fairly accurately because the sensitivity is nearly linear.

	31 Dec 2015 Interest rate				31 Dec 2014 Interest rate			
	1%-point higher		1%-point lower		1%-point higher		1%-point lower	
EUR million	Income statement	Equity	Income statement	Equity	Income statement	Equity	Income statement	Equity
Impact of interest rate change	**-1.1**	**4.4**	**1.1**	**-4.4**	0.3	4.4	-0.3	-4.4

Electricity price risk

The Group purchases electricity in Finland at market price from the Nordic electricity exchange and this leads to an electricity price exposure. Annually around 100 GWh of electricity is procured. According to the procurement policy electricity purchases are hedged with electricity derivatives within the limits set by the pre-defined hedge ratios for the coming five year period. On the reporting date the electricity derivatives amounted to 200 GWh (250 GWh in 2014).

Sensitivity analysis for electricity price risk

The following table demonstrates the sensitivity to a reasonably possible change in electricity price, with all other variables held constant, of the Group's profit before tax and equity due to changes in the fair value of the electricity derivatives. A reasonably possible change is assumed to be a 5 EUR/MWh increase or decrease of the electricity market prices. A change of a different magnitude can also be estimated fairly accurately because the sensitivity is nearly linear.

	31 Dec 2015 Electricity price				31 Dec 2014 Electricity price			
	5 EUR/MWh higher		5 EUR/MWh lower		5 EUR/MWh higher		5 EUR/MWh lower	
EUR million	Income statement	Equity	Income statement	Equity	Income statement	Equity	Income statement	Equity
Impact of electricity price change	**0.4**	**0.6**	**-0.4**	**-0.6**	0.4	0.9	-0.4	-0.9

Liquidity and funding risk

In accordance with the Group's financial policy, the Group Treasury is responsible for maintaining the Group's liquidity, efficient cash management and sufficient sources of funding. The committed credit limits cover all funding needs, like outstanding commercial papers, other current loans, working capital changes arising from operative business and investments.

Refinancing risk is reduced by split maturity structure of loans and credit limits. As a back-up liquidity reserve the Group has a EUR 100 million multicurrency revolving credit facility up to May, 2016 and its arrangement fee is recorded under financial expenses over the contract period. The Group has a EUR 350 million domestic commercial paper program. The current credit limits and the commercial paper program are used to finance inventories, trade receivables, subsidiaries in distribution chains and thus to control the typical seasonality in the Group's cash flows. In September 2015 the Group purchased 62.3 EUR million principal amount of notes after voluntary tender offer of a EUR 150 million five-year domestic bond is due in 2017. The bond carries an annual coupon of 3.25% and an effective yield of 3.30%.

The Group reports the main financial covenants to creditors quarterly. If the Group does not satisfy the requirements set in financial covenants, creditor may demand accelerated repayment of the credits. In 2015 the Group has met all the requirements set in the financial covenants. Financial covenants are mainly linked to equity ratio. Management monitors regularly that the covenant requirements are met. Agreements relating to financing contain terms and conditions upon which the agreement may terminate, if control in the company changes as a result of a public tender offer.

On the reporting date the Group's liquidity in cash and cash equivalents was EUR 429.3 million (EUR 439.9 million in 2014). At the end of the year the Group's available current credit limits were EUR 506.6 million (EUR 356.5 million in 2014), out of which the committed limits were EUR 155.7 million (EUR 5.7 million in 2014). The available committed non-current credits amounted to EUR 0.0 million (EUR 250.0 million in 2014).

The Group's interest-bearing financial liabilities totalled EUR 219.6 million, compared to the year before figure of EUR 275.2 million. Around 91% of the interest-bearing financial liabilities were in EUR. The average interest rate of interest-bearing financial liabilities was 3.2%. Current interest-bearing financial liabilities, including the portion of non-current financial liabilities maturing within the next 12 months, amounted to EUR 19.9 million (EUR 0.6 million in 2014).

Contractual maturities of financial liabilities

	2015							
	Carrying	Contractual maturities*						
EUR million	amount	2016	2017	2018	2019	2020	2021–	Total
Non-derivative financial liabilities								
Loans from financial institutions and pension loans								
Fixed rate loans	7.1	-0.2	-0.7	-0.7	-0.7	-0.7	-5.6	-8.4
Floating rate loans	124.8	-21.9	-1.0	-1.0	-105.6	0.0	0.0	-129.4
Bond loans	87.6	-2.9	-90.6	0.0	0.0	0.0	0.0	-93.4
Commercial papers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance lease liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade and other payables	55.7	-55.7	0.0	0.0	0.0	0.0	0.0	-55.7
Bank overdraft	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivative financial liabilities								
Interest rate derivatives								
Designated as hedges	2.4	-0.8	-0.8	-0.6	-0.1	0.0	0.0	-2.4
Measured at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign currency derivatives								
Designated as hedges								
Cashflow out	0.0	-5.7	-5.1	-5.0	-54.4	0.0	0.0	-70.1
Cashflow in	-19.8	1.1	1.1	1.2	69.0	0.0	0.0	72.3
Measured at fair value through profit or loss								
Cashflow out	15.4	-540.0	-30.7	0.0	0.0	0.0	0.0	-570.7
Cashflow in	-8.9	534.8	30.9	0.0	0.0	0.0	0.0	565.7
Electricity derivatives								
Designated as hedges	3.0	-1.4	-0.8	-0.6	-0.2	0.0	0.0	-3.0
Total	267.3	-92.7	-97.6	-6.6	-92.1	-0.7	-5.6	-295.2

* The figures are undiscounted and include both the finance charges and the repayments.

Contractual maturities of financial liabilities	2014							
		Contractual maturities*						
EUR million	Carrying amount	2015	2016	2017	2018	2019	2020-	Total
Non-derivative financial liabilities								
Loans from financial institutions and pension loans								
Fixed rate loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Floating rate loans	124.5	-3.8	-24.5	-0.9	-0.9	-102.8	0.0	-132.9
Bond loans	149.6	-4.9	-4.9	-154.9	0.0	0.0	0.0	-164.6
Commercial papers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance lease liabilities	1.1	-0.6	-0.5	0.0	0.0	0.0	0.0	-1.2
Trade and other payables	63.9	-63.9	0.0	0.0	0.0	0.0	0.0	-63.9
Bank overdraft	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivative financial liabilities								
Interest rate derivatives								
Designated as hedges	2.2	-0.6	-0.6	-0.5	-0.4	-0.1	0.0	-2.2
Measured at fair value through profit or loss	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1
Foreign currency derivatives								
Designated as hedges								
Cashflow out	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cashflow in	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Measured at fair value through profit or loss								
Cashflow out	13.7	-342.2	-36.3	-35.8	-3.3	-37.4	0.0	-454.9
Cashflow in	-19.2	325.4	32.1	32.1	1.1	48.6	0.0	439.3
Electricity derivatives								
Designated as hedges	2.3	-1.0	-0.6	-0.4	-0.3	0.0	0.0	-2.3
Total	338.2	-91.6	-35.3	-160.4	-3.8	-91.7	0.0	-382.8

* The figures are undiscounted and include both the finance charges and the repayments.

Credit Risk

The Group is exposed to credit risk from customers' trade receivables and also from deposits and derivative transactions with different banks and financial institutions.

The principles of customers' credit risk management are documented in the Group's credit risk policy. The Group Credit Committee makes all the significant credit decisions. Credit analysis and payment history collected by credit information companies are used for evaluating credit worthiness. The credit status of the customers is reviewed at the Group companies regularly according to the Group credit risk policy principles. In addition, the country risk is monitored constantly and credits are limited in countries where political or economical environment is unstable. Bank guarantees, documentary credits and specific payment terms are used in controlling the credit risk in trade receivables. Payment programs, which customer is committed to, are always agreed upon for past due receivables. Significant items of trade receivables are evaluated both counterparty specifically and in a portfolio level in order to identify possible impairment. There are no over 15% customer or country risk concentrations in trade receivables, other than the Russian customers' share of about 31% (about 33% in 2014) on the reporting date.

The credit risk in financial transactions is controlled by doing business only with banks and financial institutions with high credit ratings. In investments the Group's placements are current and funds are invested only in solid domestic listed companies or public institutions. The Board approves credit risk limits for banks and financial institutions annually.

The aging of trade receivables

EUR million	2015	2014
Not past due	271.7	281.2
Past due less than 30 days	72.6	52.1
Past due between 30 and 90 days	4.1	4.3
Past due more than 90 days	8.6	13.4
Total	356.9	351.0

Capital Management

The Group's objective of managing capital is to secure with an efficient capital structure the Group's access to capital markets at all times despite of the seasonal nature of the business. The Group monitors its capital structure on the basis of Net debt to EBITDA ratio and Equity ratio. Equity ratio has to be at least at the level of 30% in accordance with the financial covenants. Equity ratio is calculated as a ratio of total equity to total assets excluding advances received.

Net debt / EBITDA

EUR million	2015	2014
Average interest-bearing liabilities	262.9	339.0
Less: Average liquid funds	275.1	236.5
Average net debt	-12.2	102.5
Operating profit	296.0	308.7
Add: Depreciations and amortisations	82.6	89.8
EBITDA	378.6	398.5
Average net debt / EBITDA	-0.03	0.26

Equity ratio

EUR million	2015	2014
Equity attributable to equity holders of the parent	1,241.6	1,208.5
Add: Non-controlling interest	0.0	0.0
Total equity	1,241.6	1,208.5
Total assets	1,754.8	1,797.0
Less: Advances received	1.0	5.4
Adjusted total assets	1,753.8	1,791.6
Equity ratio	70.8 %	67.5 %

30. Fair values of derivative financial instruments

	2015			2014		
EUR million	Notional amount	Fair value Assets	Fair value Liabilities	Notional amount	Fair value Assets	Fair value Liabilities
Derivatives measured at fair value through profit or loss						
Foreign currency derivatives						
Currency forwards	**497.9**	**8.9**	**15.4**	303.8	4.2	13.5
Interest rate and currency swaps	**20.0**	**0.0**	**0.0**	67.5	15.1	0.2
Interest rate derivatives						
Interest rate swaps	-	-	-	0.0	0.0	0.1
Derivatives designated as cash flow hedges						
Foreign currency derivatives						
Interest rate and currency swaps	**67.5**	**19.8**	**0.0**	-	-	-
Interest rate derivatives						
Interest rate swaps	**100.0**	**0.1**	**2.5**	100.0	0.3	2.5
Electricity derivatives						
Electricity forwards	**7.0**	**0.0**	**3.0**	10.0	0.0	2.3

Derivatives are maturing within the next 12 months excluding the interest rate and currency swaps, interest rate swaps and electricity forwards.

The fair value of forward exchange contracts is measured using the forward rates on the reporting date. The fair value of currency options is calculated using an option valuation model.

The fair values of interest rate and currency swaps and interest rate derivatives are determined as the present value of the future cash flows based on market interest rates on the reporting date.

The fair value of electricity derivatives is based on quoted market prices in active markets on the reporting date.

31. Operating lease commitments

EUR million	2015	2014
The Group as a lessee		
Non-cancellable minimum operating lease payments		
In less than 1 year	**20.3**	18.3
In 1 to 5 years	**53.1**	33.2
In over 5 years	**9.3**	2.4
	82.7	53.9

The Group leases office and warehouse spaces and retail outlets under various non-cancellable operating leases. The terms of the leases vary from few years to 15 years. The most significant agreements from the financial reporting point of view are Vianor retail outlets.

The income statement in 2015 contains EUR 34.9 million expenses for operating lease agreements (EUR 33.0 million in 2014).

The Group as a lessor

Vianor has conventional lease contracts for truck tyre frames and treads with short lease periods. These do not involve options for purchase nor lease period extentions.

The leasing income is not material.

32. Contingent liabilities and assets and contractual commitments

EUR million	2015	2014
For own debt		
Mortgages	1.0	1.0
Pledged assets	4.8	4.7
Other own commitments		
Guarantees	5.2	4.6
Contractual commitments	1.6	2.0

33. Disputes, litigations and risks in the near future

The Finnish Tax Administration has made tax reassessments on the Group transfer pricing concerning years 2007-2012 demanding in excess of EUR 105 million of additional taxes with punitive tax increases and interests. In the spring 2015 the most substantial reassessments were returned to the Tax Administration for reprocessing, but the renewed decisions, received in December, changed only slightly - the claims decreased with a bit over EUR 6 million. The Company has recorded the total amounts as is in the financial statements and the results of years 2013 and 2014, and the latest decrease in 2015. The Company considers the decisions to be incorrect and has appealled against them by leaving claims for rectification to the Board of Adjustment. If necessary, the Company will continue the appeal processes in the Administrative Court. The Company will also, if needed, start a process with the competent authorities to negotiate for the elimination of the double taxation. Additionally the Company has initiated a separate process to determine the legality of the procedures used in the tax audit by Tax Administration and tax inspectors in its enitirety. The disputes are expected to last for several years.

Addtionally, the Group has some other pending business related disputes, which are expected to have no material effect on the consolidated financial statements.

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

34. Related party transactions

Parent and Group company relations:

	Domicile	Country	Group holding%	Voting rights%	Parent company holding%
Parent company					
Nokian Tyres plc	Nokia	Finland			
Group companies					
Nokian Heavy Tyres Ltd.	Nokia	Finland	100	100	100
Nokian Däck AB		Sweden	100	100	100
Nokian Dekk AS		Norway	100	100	100
Nokian Reifen GmbH		Germany	100	100	100
Nokian Reifen AG		Switzerland	100	100	100
Nokian Tyres S.A.R.L.		Luxembourg	100	100	100
Nokian Tyres U.S. Holdings Inc.		USA	100	100	100
Nokian Tyres U.S. Finance Oy	Nokia	Finland	100	100	
Nokian Tyres Inc.		USA	100	100	
Nokian Tyres Canada Inc.		Canada	100	100	100
Nokian Tyres s.r.o.		Czech Rep.	100	100	100
TOV Nokian Shina		Ukraine	100	100	100
TOO Nokian Tyres		Kazakhstan	100	100	100
OOO Nokian Shina	Vsevolozhsk	Russia	100	100	100
TAA Nokian Shina Belarus		Belarus	100	100	99
Nokian Tyres Holding Oy	Nokia	Finland	100	100	99
OOO Nokian Tyres	Vsevolozhsk	Russia	100	100	
OOO Hakkapeliitta Village	Vsevolozhsk	Russia	100	100	
Nokian Tyres Trading (Shanghai) Co Ltd		China	100	100	
NT Tyre Machinery Oy	Nokia	Finland	100	100	100
Direnic Oy	Nokia	Finland	100	100	100
Hakka Invest Oy	Nokia	Finland	100	100	100
OOO Hakka Invest	Vsevolozhsk	Russia	100	100	
Koy Nokian Nosturikatu 18	Nokia	Finland	100	100	100
Koy Nokian Rengaskatu 4	Nokia	Finland	100	100	100
Nokianvirran Energia Oy	Nokia	Finland	32.3	32.3	32.3
Vianor Holding Oy	Nokia	Finland	100	100	100
Vianor Oy	Lappeenranta	Finland	100	100	
Kumielo Oy	Laitila	Finland	100	100	
Vianor Russia Holding Oy	Nokia	Finland	100	100	
OOO Vianor SPb	St. Petersburg	Russia	100	100	
Vianor Fleet Solution Oy	Nokia	Finland	100	100	
Posiber Oy	Nokia	Finland	100	100	
Vianor AB		Sweden	100	100	
Nordicwheels AB		Sweden	100	100	
Vianor AS		Norway	100	100	
Vianor AG		Switzerland	100	100	
Vianor Inc.		USA	100	100	
Associated companies					
Sammaliston Sauna Oy	Nokia	Finland	33	33	33

Not combined due to the company characteristics and minor significance.

Nokianvirran Energia Oy is a joint operation with three parties that supplies production steam for the tyre plant in Nokia. The parties share control according to a specific Mankala-principle where the company is not intended to make profit while the parties have agreed to utilize the total output. The company is accounted for as a Group company.using the proportionate consolidation method on each row according to the 32.3% shareholding.

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

Transactions and outstanding balances with parties having significant influence

1,000 euros	2015	2014
Key management personnel		
Employee benefit expenses		
Short-term employee benefits	**3,904.4**	3,570.1
Post-employment benefits	**145.2**	920.5
Termination benefits	**-**	-
Share-based payments	**2,018.7**	2,673.4
Total	**6,068.4**	7,164.1
Remunerations		
Ari Lehtoranta, President, 1 October 2014 -	**1,210.2**	267.6
of which incentives for the reported period	**522.3**	100.0
Kim Gran, President, 1 January - 30 September 2014 (also a member of the Board of Directors)	**-**	645.4
of which incentives for the reported period	**-**	75.5
Members of the Board of Directors		
Petteri Walldén	**89.0**	86.6
Hille Korhonen	**49.0**	46.6
Tapio Kuula	**36.0**	-
Raimo Lind	**49.0**	34.8
Inka Mero	**48.4**	34.8
Hannu Penttilä	**49.0**	46.6
Prior members of the Board of Directors		
Kim Gran	**13.1**	10.6
Risto Murto	**13.0**	46.0
Aleksey Vlasov	**-**	10.0
Total	**346.5**	316.0
No incentives were paid to the members of the Board of Directors.		
Other key management personnel	**2,274.8**	2,273.3
of which incentives	**610.2**	294.5

No special pension commitments have been granted to the members of the Board of Directors and no statutory pension expense incurs. In 2015 the statutory pension expense for President Lehtoranta was EUR 225 thousand (EUR 49 thousand in 2014) and the expense for supplementary pension plan was EUR 132 thousand (EUR 33 thousand in 2014). The agreed plan retirement age is 63 years. The annual account deposits for the pension capital redemption contract have been pledged to guarantee the recognized pension plan commitment. The contract is a defined contribution plan.

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

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

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

35. Events after the reporting date

No events have occurred after the reporting date affecting the financial statements significantly.

Parent Company Income Statement, FAS

EUR million | 1.1.–31.12.	Notes	2015	2014
Net sales	(1)	**687.8**	671.6
Cost of sales	(2)(3)	**-560.8**	-576.6
Gross profit		**127.0**	95.0
Selling and marketing expenses	(2)(3)	**-26.8**	-28.1
Administration expenses	(2)(3)(4)	**-17.4**	-16.1
Other operating expenses	(2)(3)	**-19.9**	-18.0
Other operating income		**1.3**	0.4
Operating profit		**64.2**	33.2
Financial income and expenses	(5)	**160.9**	285.7
Profit before appropriations and tax		**225.1**	318.9
Change in accumulated depreciation in excess of plan	(6)	**-1.4**	-0.4
Income tax	(7)	**-7.5**	-13.2
Profit for the period		**216.2**	305.3

Parent Company Balance Sheet, FAS

EUR million | 31.12.	Notes	2015	2014
ASSETS			
Fixed assets and other non-current assets			
Intangible assets	(8)	**13.7**	13.6
Tangible assets	(8)	**128.8**	120.8
Shares in Group companies	(9)	**132.0**	132.0
Investments in associates	(9)	**3.0**	1.2
Shares in other companies	(9)	**0.2**	0.2
Total non-current assets		**277.6**	267.8
Current assets			
Inventories	(10)	**97.3**	121.9
Non-current receivables	(11)	**263.5**	312.9
Current receivables	(12)	**395.6**	353.1
Cash and cash equivalents		**411.9**	418.2
Total current assets		**1,168.3**	1,206.1
		1,446.0	1,473.9
LIABILITIES AND SHAREHOLDERS’ EQUITY			
Shareholders’ equity	(13)		
Share capital		**25.4**	25.4
Share premium		**182.5**	182.5
Treasury shares		**-7.7**	-8.2
Paid up unrestricted equity fund		**133.0**	99.6
Retained earnings		**234.1**	122.3
Profit for the period		**216.2**	305.3
Total shareholders' equity		**783.5**	727.0
Untaxed reserves and provisions			
Accumulated depreciation in excess of plan	(8)	**37.2**	35.8
Liabilities			
Non-current liabilities	(14)	**190.4**	252.4
Current liabilities	(15)	**434.8**	458.6
Total liabilities		**625.3**	711.0
		1,446.0	1,473.9

EUR million | 1.1.–31.12.	2015	2014
Profit for the period	216.2	305.3
Adjustments for		
Depreciation, amortisation and impairment	26.4	29.2
Financial income and expenses	-160.9	-285.7
Gains and losses on sale of intangible assets, other changes	-1.3	-0.4
Income Taxes	7.5	13.2
Cash flow before changes in working capital	87.9	61.6
Changes in working capital		
Current receivables, non-interest-bearing, increase (-) / decrease (+)	-45.1	73.7
Inventories, increase (-) / decrease (+)	24.5	15.9
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	-2.8	-39.3
Changes in working capital	-23.4	50.2
Financial items and taxes		
Interest and other financial items, received	25.4	38.2
Interest and other financial items, paid	-18.4	23.5
Dividens received	172.7	289.0
Income taxes paid	-21.4	-41.7
Financial items and taxes	158.4	309.1
Cash flow from operating activities (A)	222.9	421.0
Cash flows from investing activities		
Acquisitions of property, plant and equipment and intangible assets	-33.3	-31.3
Proceeds from sale of property, plant and equipment and intangible assets	1.3	4.4
Acquisitions of Group companies	0.0	-0.7
Acquisitions of other investments	-1.8	-1.1
Cash flows from investing activities (B)	-33.8	-28.7

EUR million | 1.1.–31.12.	2015	2014
Cash flow from financing activities:		
Proceeds from issue of share capital	32.7	2.5
Purchase of treasury shares	0.0	-8.6
Change in current financial receivables, increase (-) / decrease (+)	-17.7	66.8
Change in non-current financial receivables, increase (-) / decrease (+)	49.5	-88.7
Change in current financial borrowings, increase (+) / decrease (-)	-4.0	-249.8
Change in non-current financial borrowings, increase (+) / decrease (-)	-62.3	101.6
Group contributions paid	0.0	-6.1
Dividends paid	-193.5	-193.3
Cash flow from financing activities (C)	-195.4	-375.5
Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)	-6.3	16.7
Cash and cash equivalents at the beginning of the period	418.2	401.5
Cash and cash equivalents at the end of the period	411.9	418.2

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

The company has received a stay of execution from the Finnish Tax Administration for the collection of the tax increases based on the tax reassessment decisions on years 2007-2010. In spite of this stay of execution the Finnish Tax Administration has taken funds in accordance with these aforesaid decisions from company's tax account setting off company's other tax refunds. Financial items and taxes contain these set-offs by the Tax Administration in 2015 EUR 6.1 million, in 2014 EUR 37.0 million. The Board of Adjustment once already annulled the reassessment decisions in question and returned the assessments forreprocessing. The Tax Administration did not refund these set-offs, but did discontinue with additional ones. Finally the Tax Administration reprocessed the tax reassessment decisions, which amounts, less the previous set-offs, the company paid in 2016.

Accounting policies for the parent company

General
The financial statements of Nokian Tyres plc, domiciled in the city of Nokia, have been prepared according to the Finnish Accounting Standards (FAS).

Inventory valuation
Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in – first out (FIFO) basis. In addition to the direct costs, an appropriate proportion of production overheads is included in the value of finished goods.

Fixed assets and depreciation
Fixed assets are stated in the balance sheets at cost less depreciation according to plan. The accumulated difference between the total depreciation charged to the income statement and depreciation according to plan is shown as a separate item in untaxed reserves.

Depreciations according to plan are calculated on the basis of the estimated useful life of the assets using the straight line method.

The depreciation times are as follows:

Intangible assets	3–10 years
Buildings	20–40 years
Machinery and equipment	4–20 years
Other tangible assets	10–40 years

Land property, as well as investments in shares, are not regularly depreciated.

Research and development
Research and development costs are charged to the other operating expenses in the income statement in the year in which they are incurred. Certain significant development costs with useful life over three years are capitalised and are amortised on a systematic basis over their expected useful lives. The amortisation period is between three and five years.

Pensions and coverage of pension liabilities
Pension contributions are based on periodic actuarial calculations and are charged to the income statement.

In Finland the pension schemes are funded through payments to a pension insurance company.

Equity
The acquisition cost of treasury shares repurchased by the Group is recognised as a deduction in equity. The consideration received for the treasury shares when sold, net of transaction costs and tax, is included in equity.

Foreign currency items
Transactions in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. At the end of the accounting period unsettled balances on foreign currency transactions and forward exchange contracts are valued at the rates published by the European Central Bank as on the financial statement date.

All foreign currency exchange gains and losses are entered under financial income and expenses.

Direct taxes
The income statement includes direct taxes based on the taxable profit and the change in deferred tax arising from temporary differences. The untaxed reserves are shown in full in the balance sheet, and the deferred tax liability is not recorded.

The deferred tax liability and assets are recorded as separate items and are based on the prevailing corporate tax rate.

1. Net sales by segments and market areas

EUR million	2015	2014
Passenger Car Tyres	542.4	532.5
Heavy Tyres	145.3	139.1
Other	0.0	0.0
Total	687.8	671.6
Finland	135.4	132.7
Other Nordic countries	178.3	161.9
Baltic countries and Russia	48.3	51.6
Other European countries	218.4	216.5
North America	96.8	95.3
Other countries	10.5	13.6
Total	687.8	671.6

2. Wages, salaries and social expenses

EUR million	2015	2014
Wages and salaries	43.6	43.9
Pension contributions	7.7	9.0
Other social expenses	2.7	3.0
Total	54.0	55.9
Remuneration of the members of the Board of the Directors and the President on accrual basis	1.6	1.2
of which incentives	0.5	0.2

No special pension commitments have been granted to the members of the Board.
The agreed retirement age of the President is 63 years. See also Notes to Consolidated Financial Statements, note 34 Related party transactions.

Personnel, average during the year		
Production	602	609
Selling and marketing	70	68
Others	195	192
Total	867	869

3. Depreciation

EUR million	2015	2014
Depreciation according to plan by asset category		
Intangible assets	4.3	4.1
Buildings	2.0	1.9
Machinery and equipment	20.0	19.5
Other tangible assets	0.0	0.0
Total	26.3	25.5
Depreciation by function		
Production	20.0	19.8
Selling and marketing	0.2	0.2
Administration	4.5	4.0
Other operating depreciation	1.6	1.5
Total	26.3	25.5

4. Auditors' fees

EUR million	2015	2014
Authorised public accountants KPMG Oy Ab		
Auditing	0.1	0.1
Tax consulting	0.2	0.2
Other services	0.1	0.1
Total	0.4	0.4

5. Financial income and expenses

EUR million	2015	2014
Dividend income		
From the Group companies	172.3	289.0
From others	0.0	0.0
Total	172.3	289.0
Interest income, non-current		
From the Group companies	21.2	16.8
From others	0.0	0.0
Total	21.2	16.8
Other interest and financial income		
From the Group companies	3.5	13.7
From others	0.8	1.3
Total	4.2	15.0
Exchange rate differences (net)	-22.9	-22.7
Interest and other financial expenses		
To the Group companies	-5.3	-2.6
To others	-4.9	-10.4
Other financial expenses	-3.6	0.6
Total	-13.8	-12.4
Total financial income and expenses	160.9	285.7

Other financial expenses in 2015 include a EUR 2.7 million tender premium related to a buy-back of a bond, and a net income of EUR 1.0 million (an expense of EUR 1.6 million in 2014) reversed penalty interests related to additional taxes.

6. Appropriations

EUR million	2015	2014
Change in accumulated depreciation in excess of plan		
Intangible assets	**0.2**	0.2
Buildings	**0.0**	-0.2
Machinery and equipment	**1.2**	0.3
Other tangible assets	**0.0**	0.1
Total	**1.4**	0.4

7. Income tax

EUR million	2015	2014
Direct tax for the year	**-12.5**	-13.1
Direct tax from previous years	**5.0**	-0.1
Change in deferred tax	**0.0**	0.0
Total	**-7.5**	-13.2

8. Fixed assets

	Intangible assets		**Tangible assets**				
EUR million	Intangible rights	Other intangible rights	Land property	Buildings	Machinery and equipment	Other tangible assets	Advances and fixed assets under construction
Accumulated cost, 1 Jan 2015	**48.0**	**3.3**	**0.7**	**67.7**	**383.9**	**3.8**	**6.4**
Increase	**0.3**				**28.0**		**25.5**
Decrease	**-4.0**				**-16.8**		**-4.7**
Transfer between items	**5.4**	**0.2**		**1.8**	**10.1**	**0.1**	**-17.5**
Accumulated cost, 31 Dec 2015	**49.6**	**3.6**	**0.7**	**69.5**	**405.1**	**3.8**	**9.7**
Accum. depr. acc. to plan, 1 Jan 2015	**-35.0**	**-2.7**		**-29.5**	**-308.6**	**-3.5**	
Accum. depr. on disposals	**2.5**				**3.6**		
Depreciations for the period	**-4.1**	**-0.2**		**-2.0**	**-20.0**	**0.0**	
Accum. depr. acc.to plan, 31 Dec 2015	**-36.6**	**-2.9**		**-31.4**	**-325.0**	**-3.6**	
Carrying amount, 31 Dec 2015	**13.0**	**0.7**	**0.7**	**38.1**	**80.1**	**0.2**	**9.7**
Carrying amount, 31 Dec 2014	12.9	0.7	0.7	38.3	75.2	0.2	6.4
Accum. depreciation in excess of plan, 31 Dec 2015	**2.4**	**0.1**	**-**	**17.7**	**17.3**	**-0.4**	
Accum. depreciation in excess of plan, 31 Dec 2014	2.2	0.1	-	17.8	16.2	-0.4	

9. Investments

EUR million	Shares in Group companies	Investments in associates	Shares in other companies
Accumulated cost, 1 Jan 2015	**132.0**	**1.2**	**0.2**
Decrease	**-**	**-**	**0.0**
Increase	**-**	**1.8**	**-**
Accumulated cost, 31 Dec 2015	**132.0**	**3.0**	**0.2**
Carrying amount, 31 Dec 2015	**132.0**	**3.0**	**0.2**
Carrying amount, 31 Dec 2014	132.0	1.2	0.2

10. Inventories

EUR million	2015	2014
Raw materials and supplies	49.8	61.0
Work in progress	2.5	3.4
Finished goods	45.0	57.5
Total	97.3	121.9

11. Non-current receivables

EUR million	2015	2014
Loan receivables from the Group companies	263.1	292.9
Loan receivables from others	0.3	20.1
Total long-term receivables	263.5	312.9

The members of the Board of Directors and the President have not been granted loans.

12. Current receivables

EUR million	2015	2014
Receivables from the Group companies		
Trade receivables	134.3	121.6
Loan receivables	166.1	160.1
Accrued revenues and deferred expenses	24.3	23.4
Total	324.6	305.1
Trade receivables	28.6	26.9
Other receivables	5.2	4.4
Accrued revenues and deferred expenses	37.2	16.7
Total	71.0	48.0
Total short-term receivables	395.6	353.1
Significant items under accrued revenues and deferred expenses		
Financial items	33.2	12.0
Taxes	0.0	2.8
Social security contributions	6.2	5.4
Capital expenditure in Russian factory	7.2	7.9
Goods and services rendered and not invoiced. subsidiary	13.6	11.1
Other items	1.2	0.9
Total	61.4	40.0

13. Shareholders' equity

EUR million	2015	2014
Restricted shareholders' equity		
Share capital, 1 January	25.4	25.4
Emissions	-	-
Share capital, 31 December	25.4	25.4
Share issue premium, 1 January	182.5	182.5
Emission gains	-	-
Share issue premium, 31 December	182.5	182.5
Total restricted shareholders' equity	207.9	207.9
Non-restricted shareholders' equity		
Paid-up unrestricted equity reserve, 1 January	99.6	97.1
Emission gains	33.4	2.5
Paid-up unrestricted equity reserve, 31 December	133.0	99.6
Retained earnings, 1 January	427.6	315.7
Dividends to shareholders	-193.5	-193.3
Retained earnings, 31 December	234.1	122.3
Treasury shares	-7.7	-8.2
Profit for the period	216.2	305.3
Total non-restricted shareholders' equity	575.6	519.1
Total shareholders' equity	783.5	727.0
Specification of the distributable funds, 31 December		
Retained earnings	234.1	122.3
Omat osakkeet	-7.7	-8.2
Paid-up unrestricted equity reserve	133.0	99.6
Profit for the period	216.2	305.3
Distributable funds, 31 December	575.6	519.1

The Group or the Parent company themselves do not directly hold any treasury shares.

The Company has entered into an agreement with a third-party service provider concerning administration and hedging of the share-based incentive program for key personnel. As a part of this agreement, the service provider purchases and administers shares for hedging the underlying cash flow risk and implementing the program. The third party owns the shares until the shares are given to the participants within the program. Despite the legal form of the hedging arrangement, it has been accounted for as if the share purchases had been conducted directly by the Company. During 2014, a total number of 300,000 shares was acquired. At the end of 2015 the total number of shares held was 300,000, which corresponds 0.2% of all shares of the Company.

14. Non-current liabilities

EUR million	2015	2014
Interest-bearing		
Bonds	87.7	150.0
Loans from financial institutions	102.4	102.4
Pension premium loans	0.0	0.0
Total	190.1	252.4
Non-interest-bearing		
Accrued expenses and deferred revenues	0.3	-
Total	0.3	-
Total non-current liabilities	190.4	252.4
Bonds	87.7	150.0

The original notional amount of the bond due in 2017 was EUR 150 million and the annually payable coupon is 3.25%. In September 2015 the Company bought back bonds with a notional amount of EUR 62.3 million.

15. Current liabilities

EUR million	2015	2014
Interest-bearing		
Liabilities to the Group companies		
Finance loans	256.3	244.1
Total	256.3	244.1
Non-interest-bearing		
Liabilities to the Group companies		
Trade payables	54.4	65.0
Accrued expenses and deferred revenues	2.9	0.5
Total	57.2	65.5
Trade payables	18.6	25.6
Liabilities to the others	53.4	68.1
Accrued expenses and deferred revenues	49.3	55.2
Total	121.3	148.9
Total non-interest-bearing liabilities	178.5	214.5
Total current liabilities	434.8	458.6
Significant items under accrued expenses and deferred revenues		
Wages, salaries and social security contributions	11.6	10.0
Annual discounts, sales	8.7	8.7
Taxes	4.0	5.6
Financial items	20.4	23.7
Commissions	3.1	2.4
Goods received and not invoiced	0.4	0.4
Warranty commitments	0.8	0.8
Goods and services received and not invoiced, subsidiary	0.2	0.6
Other items	3.0	3.6
Total	52.2	55.8

Other liabilities contain EUR 51.0 million for tax reassessment decisions on years 2007-2010 (2014: EUR 66.0 million). The change comprises of set-offs with Company's other tax refunds and the decrease of the claims in the reprocessed tax reassessment decisons by the Finnish Tax Administration.

16. Contingent liabilities

EUR million	2015	2014
For own debt		
Pledged assets	0.0	0.0
On behalf of Group companies and investments in associates		
Guarantees	63.0	50.2
The amount of debts and commitments mortgaged for total EUR 60.4 million (2014: EUR 47.7 million).		
On behalf of other companies		
Guarantees	0.2	0.2
Other own commitments		
Guarantees	22.6	9.7
Leasing and rent commitments		
Payments due in 2016/2015	3.4	3.7
Payments due in subsequent years	5.3	6.4

17. Derivative financial instruments

EUR million	2015	2014
Interest rate derivatives		
Interest rate swaps		
Notional amount	**100.0**	100.0
Fair value	**-2.4**	-2.3
Foreign currency derivatives		
Currency forwards		
Notional amount	**569.6**	408.7
Fair value	**-6.8**	-9.0
Interest rate and currency swaps		
Notional amount	**87.5**	67.5
Fair value	**19.8**	14.9
Electricity derivatives		
Electricity forwards		
Notional amount	**7.0**	10.0
Fair value	**-3.0**	-2.3

The fair value of forward exchange contracts is measured using the forward rates on the reporting date. The fair value of currency options is calculated using an option valuation model.

The fair value of interest rate derivatives is determined as the present value of the future cash flows based on market interest rates on the reporting date.

The fair value of electricity derivatives is based on quoted market prices in active markets on the reporting date.

18. Environmental commitments and expenses

Expenses relating to environment are included to production costs. The company has duly attended to environmental commitments and has no information on material environmental liabilities. In addition to the environmental aspects presented in the Annual Report, Nokian Tyres issued a Corporate Social Responsibility Report in spring 2015.

Share capital and shares

Nokian Tyres' share was quoted on the main list of Nasdaq Helsinki (Helsinki Stock Exchange until 2007) for the first time on June 1, 1995. The company has one class of shares, each share entitling the shareholder to one vote at the Annual General Meeting and carrying equal rights to a dividend. On December 31, 2015, the number of shares entitled to a dividend was 134,691,174.

Share price development and trading volume in 2015

At the end of 2015, Nokian Tyres' share was quoted at EUR 33.10, showing an increase of 63.1% on the previous year's closing price of EUR 20.29. At its highest, Nokian Tyres' share was quoted at EUR 37.57 in 2015 (EUR 36.19 in 2014) and EUR 19.23 (EUR 18.82) at its lowest. During the year, a total of 195,229,321 (216,446,904) Nokian Tyres' shares were traded on Nasdaq Helsinki. At the end of the year, the market capitalization of the share capital was EUR 4,458,277,859 (EUR 2,708,123,202).

Nokian Tyres' shares are also traded on alternative platforms, such as Chi-X, under the trading code NRE1Vh. A total of 83,198,786 shares in Nokian Tyres were traded on Chi-X during 2015.

On December 31, 2015, the number of shares was 134,691,174.

Dividend policy

The dividend policy adopted by the company's Board of Directors is to propose to the Annual General Meeting a dividend that reflects the company's profit development. The dividend policy was updated on November 17, 2015. Nokian Tyres' dividend policy for 2016–2018 is as follows: the company's target is to provide steady or higher absolute dividend per share throughout 2016-2018 (despite the investments in the third factory). The company targets to distribute at least 50% of net profits in dividends.

Board authorizations

The Annual General Meeting on April 12, 2012 authorized the Board of Directors to make a decision to offer no more than 25,000,000 shares through a share issue, or by granting special rights under Chapter 10, Section 1 of the Finnish Companies Act that entitle you to shares (including convertible bonds) on one or more occasion. The Board may decide to issue new shares or shares held by the company. The maximum number of shares included in the authorization accounts for approximately 19% of the company's entire share capital.

The authorization includes the right to issue shares or special rights through a private offering; in other words, to deviate from the shareholders' pre-emptive right subject to the provisions of the law.

Under the authorization, the Board of Directors is entitled to decide on the terms and conditions of a share issue, or the granting of special rights under Chapter 10, Section 1 of the Finnish Companies Act, including the recipients of shares or special rights entitling you to shares, and the compensation to be paid. This authorization was given to be exercised for purposes determined by the Board of Directors. The subscription price of new shares shall be recognized under paid-up unrestricted equity reserve.

The consideration payable for the Company's own shares shall be recognized under paid-up unrestricted equity reserve. The authorization is effective for five years from the decision made at the Annual General Meeting. This authorization invalidates all other Board authorizations regarding share issues and convertible bonds.

Stock options 2010 directed at personnel

The Annual General Meeting held on April 8, 2010 decided to issue stock options to the personnel of the Nokian Tyres Group and the wholly owned subsidiary of Nokian Tyres plc. A deviation was made from the shareholders' pre-emptive subscription right because the stock options are designed to be part of the Group's incentive and commitment program. The purpose of the stock options is to encourage the personnel to work on a long-term basis to increase shareholder value.

The number of stock options is 4,000,000. A total of 1,320,000 stock options will be marked with the symbol 2010A, 1,340,000 with the symbol 2010B, and 1,340,000 with the symbol 2010C. According to the original subscription terms, the stock options entitle the subscription of a maximum of 4,000,000 Nokian Tyres plc's new shares or existing shares held by the company. The Board distributed the stock options in spring 2010 (2010A stock options), 2011 (2010B stock options), and 2012 (2010C stock options).

The original share subscription price for stock options 2010A was the average price of a Nokian Tyres plc share weighted by the share trading volume on Nasdaq Helsinki between April 1 and April 30, 2010, i.e., EUR 18.14. For stock options 2010B, the original share subscription price was the average price of a Nokian Tyres plc share weighted by the share trading volume on Nasdaq Helsinki between April 1 and April 30, 2011, i.e. EUR 32.90 and for stock options 2010C, the original share subscription price was the average price of a Nokian Tyres plc share weighted by the share trading volume on Nasdaq Helsinki between April 1 and April 30, 2012, i.e. EUR 35.30.

If the company distributes dividends or similar assets from the reserves of unrestricted equity, the amount of the dividend or distributable unrestricted equity shall be deducted from the share's subscription price of the stock options and decided after the beginning of the period for the determination of the share subscription price but before share subscription, as per the dividend record date or the record date of the repayment of equity. The current share subscription price for stock options 2010C is EUR 30.95.

The share subscription period is
May 1, 2012–May 31, 2014 for stock options 2010A
May 1, 2013–May 31, 2015 for stock options 2010B
May 1, 2014–May 31, 2016 for stock options 2010C.

As a result of the subscriptions with the 2010 stock options, the number of Nokian Tyres' shares may be increased by a maximum of 4,000,000 new shares. The share subscription price shall be credited to the paid-up unrestricted equity reserve. A share ownership plan is incorporated with the 2010 stock options, obliging the Group's senior management to acquire the Company's shares with a proportion of the income gained from the stock options.

Stock options 2013 directed at personnel

The Annual General Meeting held on April 11, 2013 decided to issue stock options to the personnel of the Nokian Tyres Group and the wholly owned subsidiary of Nokian Tyres plc. A deviation was made from the shareholders' pre-emptive subscription right because the stock options are designed to be part of the Group's incentive and commitment program. The purpose of the stock options is to encourage the personnel to work on a long-term basis to increase shareholder value.

The maximum total number of stock options issued will be 3,450,000 and they will be issued gratuitously. Of the stock options, 1,150,000 are marked with the symbol 2013A, 1,150,000 are marked with the symbol 2013B, and 1,150,000 are marked with the symbol 2013C. The stock options entitle their owners to subscribe for a maximum total of 3,450,000 new shares in the Company or existing shares held by the Company. The stock options now issued can be exchanged for shares constituting a maximum total of 2.5% of all of the Company's shares and votes of the shares, after the potential share subscription, if new shares are issued in the share subscription.

The share subscription price for stock option 2013A is the trade volume weighted average quotation of the Company's share on Nasdaq Helsinki between January 1 and April 30, 2013 i.e. EUR 32.26, for stock option 2013B, the trade volume weighted average quotation of the share on Nasdaq Helsinki between January 1 and April 30, 2014 i.e. EUR 29.54, and for stock option 2013C, the trade volume weighted average quotation of the share on Nasdaq Helsinki between January 1 and April 30, 2015 i.e. EUR 24.42. The share subscription price will be credited to the reserve for invested unrestricted equity.

If the company distributes dividends or similar assets from the reserves of unrestricted equity, the amount of the dividend or distributable unrestricted equity shall be deducted from the share's subscription price of the stock options and decided after the beginning of the period for the determination of the share subscription price but before share subscription, as per the dividend record date or the record date of the repayment of equity. The current subscription prices are EUR 29.36 per share for stock options 2013A, EUR 28.09 per share for stock options 2013B and EUR 24.42 per share for stock options 2013C.

The share subscription period is
May 1, 2015–May 31, 2017 for stock options 2013A
May 1, 2016–May 31, 2018 for stock options 2013B
May 1, 2017–May 31, 2019 for stock options 2013C.

As a result of the subscriptions with the 2013 stock options, the number of shares may be increased by a maximum of 3,450,000 new shares. The share subscription price shall be credited to the paid-up unrestricted equity reserve. A share ownership plan is incorporated with the 2013 stock options, obliging the Group's senior management to acquire the Company's shares with a proportion of the income gained from the stock options.

Stock options listed on the main list of Nasdaq Helsinki Oy

Nokian Tyres' 2010B stock options for the option scheme 2010 were listed on Nasdaq Helsinki's main list as of May 1, 2013. At their highest, the 2010B stock options were quoted at EUR 4.90 and at their lowest at EUR 0.22. The trade volume for the 2010B stock options on Nasdaq Helsinki Oy was 1,618,373 during the year.

Nokian Tyres' 2010C stock options for the option scheme 2010 were listed on Nasdaq Helsinki's main list as of May 1, 2014. At their highest, the 2010C stock options were quoted at EUR 6.75 and at their lowest at EUR 0.62. The trade volume for the 2010C stock options on Nasdaq Helsinki Oy was 1,407,823 during the year.

Nokian Tyres' 2013A stock options for the option scheme 2013 were listed on Nasdaq Helsinki's main list as of May 4, 2015. At their highest, the 2013A stock options were quoted at EUR 8.80 and at their lowest at EUR 1.60. The trade volume for the 2013A stock options on Nasdaq Helsinki was 655,394 during the year.

Management shareholding

On December 31, 2015, Nokian Tyres' Board members and the President and CEO held a total of 46,668 Nokian Tyres' shares, a total of 60,000 Nokian Tyres' publicly traded stock options, and a total of 120,000 stock options that were not publicly traded in 2015. The shares and publicly traded stock options represent 0.1% of the total number of votes.

Eurobond

On June 12, 2012, Nokian Tyres plc issued a EUR 150 million five-year Eurobond under its 2012 established EUR 500 million Euro Domestic Note Issuance Program (MTN). The bond is listed on Nasdaq Helsinki and it carries an annual coupon of 3.25%. The proceeds of the offering were used for general corporate and refinancing purposes. Danske Bank A/S acted as the bookrunner for the transaction.

On 28 August 2015 Nokian Tyres announced a voluntary cash tender offer for noteholders holding its EUR 150,000,000 3.25 percent senior unsecured notes. The total amount of notes tendered under the tender offer was EUR 62,300,000 representing 41.53 percent of the aggregate amount of all the Notes. The Purchase Price was EUR 104,400 per each EUR 100,000 nominal amount of the Notes which, together with Accrued Interest of EUR 772.54 (0.7725 percent) per each EUR 100,000 nominal amount of the Notes, was payable by Nokian Tyres plc to the relevant Noteholders. The settlement occured on 14 September 2015.

Share identification

ISIN code..........FI0009005318
Trading code ....NRE1V (Nasdaq Helsinki), NRE1Vh (Chi-X)
Currency..........Euro

Changes in the ownership of nominee-registered shareholders in 2015

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

Nokian Tyres received an announcement from BlackRock, Inc. on 23 March 2015, according to which the holdings of the mutual funds managed by BlackRock exceeded 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on 20 March 2015.

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

Nokian Tyres has received an announcement from BlackRock, Inc. on 20 August 2015, according to which the holdings of the mutual funds managed by BlackRock fell below level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 19 August 2015.

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

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

Nokian Tyres has received an announcement from BlackRock, Inc. on 19 November 2015, according to which the holdings of the mutual funds managed by BlackRock fell below level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 18 November 2015.

Nokian Tyres has received an announcement from BlackRock, Inc. on 8 December 2015, according to which the holdings of the mutual funds managed by BlackRock exceeded level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 7 December 2015.

Nokian Tyres has received an announcement from BlackRock, Inc. on 9 December 2015, according to which the holdings of the mutual funds managed by BlackRock fell below level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 8 December 2015.

Nokian Tyres has received an announcement from BlackRock, Inc. on 23 December 2015, according to which the holdings of the mutual funds managed by BlackRock exceeded level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 22 December 2015.

Nokian Tyres has received an announcement from BlackRock, Inc. on 28 December 2015, according to which the holdings of the mutual funds managed by BlackRock, Inc. fell below level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 24 December 2015.

Nokian Tyres has received an announcement from BlackRock, Inc. on 30 December 2015, according to which the holdings of the mutual funds managed by BlackRock, Inc. exceeded level of 5% of the share capital in Nokian Tyres plc, as a result of a share transactions concluded on 29 December 2015.

Nokian Tyres has received an announcement from BlackRock, Inc. on 31 December 2015, according to which the holdings of the mutual funds managed by BlackRock, Inc. fell below level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on 30 December 2015.

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

Number of shares on 31 Dec. 2015

Number of shares	Number of shareholders	Percentage of shares	Number of shares	% of shares
1–100	16,569	43.3	906,907	0.7
101–500	14,600	38.1	3,859,888	2.9
501–1,000	3,623	9.5	2,840,735	2.1
1,001–5,000	2,985	7.8	6,269,701	4.7
5,001–10,000	281	0.7	2,044,908	1.5
10,001–50,000	184	0.5	3,573,534	2.7
50,001–100,000	21	0.1	1,470,997	1.1
100,001–500,000	29	0.1	6,081,994	4.5
500,001–	12	0.0	107,642,510	79.9
Total	**38,304**	**100.0**	**134,691,174**	**100.0**

Major shareholders on 31 Dec. 2015

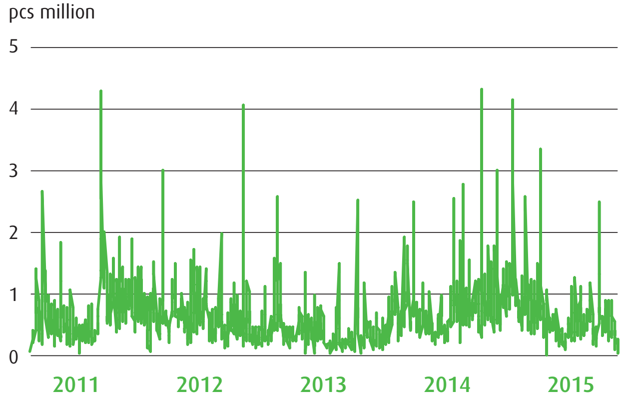
Major Domestic Shareholders	Number of shares	% of shares
Varma Mutual Pension Insurance Company	5,272,007	3.9
Ilmarinen Mutual Pension Insurance Company	3,170,947	2.4
Odin Norden	1,066,614	0.8
Mandatum Life Insurance Company Limited	776,789	0.6
Schweizer Nationalbank	750,764	0.6
Nordea	740,857	0.6
The State Pension Fund	700,000	0.5
Evli Europe Fund	682,546	0.5
Svenska litteratursällskapet i Finland r.f.	607,200	0.5
OP Investment Funds	510,000	0.4
Major Domestic Shareholders total	**14,277,724**	**10.6**
Foreign Shareholders [1]	97,692,441	72.5
Bridgestone Corporation [2]	20,000,000	14.9

[1] Includes also shares registered in the name of a nominee
[2] In the name of a nominee.

Breakdown by shareholder category 31 Dec. 2015

	Number of shares	% of shares
Nominee registered and non-Finnish holders	97,692,441	72.5
Households	15,454,551	11.5
General Government	9,779,983	7.3
Financial and insurance corporations	4,943,220	3.7
Non-profit institutions	3,964,868	2.9
Corporations	2,856,111	2.1
Total	**134,691,174**	**100.0**

Nokian Tyres' share trading volumes on Nasdaq Helsinki 1 Jan. 2011 – 31 Dec. 2015



Nokian Tyres' share price development 1 Jan. 2011 – 31 Dec. 2015

Signatures for the financial statements and the report by the Board of Directors

Nokia, 5 February 2016

Petteri Walldén

Hille Korhonen

Tapio Kuula

Raimo Lind

Inka Mero

Hannu Penttilä

Ari Lehtoranta, CEO

Auditor's report

To the Annual General Meeting of Nokian Tyres plc

We have audited the accounting records, the financial statements,the report of the Board of Directors, and the administration of Nokian Tyres plc for the year ended December 31, 2015. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal contro relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 26 February 2016
KPMG OY AB

Lasse Holopainen
Authorized Public Accountant

Corporate Governance Statement

Nokian Tyres plc (hereinafter "the company") complies with the rules and regulations of its Articles of Association and the Finnish Companies Act, as well as those published by Nasdaq Helsinki Oy ("The Helsinki Stock Exchange") concerning listed companies. The company also complies with the Finnish Corporate Governance Code 2010 approved by the Securities Market Association that became effective October 1, 2010. The code document is available on the Internet at http://cgfinland.fi/en/.

The company's corporate governance is based on the entity comprised of the Annual General Meeting, the Board of Directors, the President and the Group Management Team, the above-mentioned laws and regulations, and the Group's policies, instructions and practices. The company's Board of Directors has accepted the report concerning corporate governance. According to the company's auditors, the report and the related descriptions of internal reporting controls and risk management are in compliance with the actual reporting process.

Annual General Meeting

The highest decision-making power in the company is held by the Annual General Meeting, whose tasks and procedures are outlined in the Limited Liability Companies Act and the company's Articles of Association. The Annual General Meeting decides on such matters as the confirmation of the company's annual accounts, profit distribution, and discharging the Board of Directors and the President from liability. The Annual General Meeting elects the members of the Board of Directors and the auditors and determines their remuneration. In addition, the Annual General Meeting can make decisions on questions such as amendments to the Articles of Association, share issues, granting warrants, and acquisition of the company's own shares.

An extraordinary general meeting is summoned whenever the Board considers this to be necessary or if an auditor or a group of shareholders with a holding of a total of at least one-tenth of the entire stock requires it in writing in order to address a particular issue.

The Annual General Meeting is held by the end of May of each year on a date determined by the Board of Directors, either at the company's registered place of business or in the city of Tampere or Helsinki.

The Articles of Association state that the invitation to the Annual General Meeting must be published in one daily newspaper distributed nationwide and one distributed in the Tampere region. In addition, the company publishes the invitation to the Annual General Meeting as a stock exchange release and on its website.

The Annual General Meeting for 2015 took place on April 8, 2015 at the Tampere Hall, Tampere. The meeting confirmed the consolidated financial statements and discharged the Board members and the President from liability for the fiscal year 2014. All documents related to the Annual General Meeting are available on the Internet at www.nokiantyres.com/company/investors/.

Shareholder's rights

According to law, shareholders are entitled to subject matters belonging to the Annual General Meeting's scope of power to be addressed at the meeting. This requires that the shareholder submit the requirement to the Board of Directors in writing, far enough in advance that the matter can be added to the agenda on the invitation.

Shareholders registered in the company's shareholder register by the date specified on the invitation to the Annual General Meeting, 8 days before the meeting (the record date), are entitled to attend the Annual General Meeting. Shareholders can also authorize a proxy to act on their behalf in the Annual General Meeting. Owners of administratively registered shares can be temporarily added to the shareholder register in order to make them eligible to attend the Annual General Meeting.

In the Annual General Meeting, shareholders are entitled to use the entire amount of votes they own on the record date. Shareholders have the right to present questions regarding issues on the General Annual Meeting's agenda. In addition, shareholders are entitled to suggest draft resolutions concerning matters belonging to the scope of power of the Annual General Meeting and included on its agenda.

Board of Directors

The Board is responsible for corporate governance and the appropriate conduct of ordinary activities. The Board holds the general legal power in company-related issues that do not belong to the scope of power of other corporate governance bodies as stipulated in applicable laws and the Articles of Association. The policies and key tasks of the Board are defined in the Limited Liability Companies Act, the Articles of Association, and the Board's rules of procedure. The key tasks include:

- Consolidated financial statements and interim reports
- Proposals to the Annual General Meeting
- Appointing and dismissing the President and CEO
- Organization of financial control.

In addition, the Board deals with, and decides on, matters of principle, as well as issues that carry financial and business significance, such as:

- Group and business unit strategies
- The Group's action, budget, and investment plans
- The Group's risk management and reporting procedures
- Decisions concerning the structure and organization of the Group
- Significant individual investments, acquisitions, divestments, and reorganizations
- The Group's insurance and financing policies
- Reward and incentive schemes for Group management
- Appointing Board committees
- Monitoring and evaluating the actions of the President and CEO.

The company has a separate Audit Committee and a Nomination and Remuneration Committee.

The President and CEO of Nokian Tyres is in charge of ensuring that the Board members have necessary and sufficient information on the company's operations.

The Board assesses its activities and operating methods by carrying out a self-evaluation once a year.

Composition of the Board

The Board of Directors shall comprise such a number of members and feature such a composition that it is capable of efficiently carrying out its tasks. The elected Board members must be qualified for the task and able to allocate enough time for the Board duties.

According to the Articles of Association of Nokian Tyres, the Board of Directors comprises no fewer than three and no more than eight members. Members of the Board are elected at the Annual General Meeting. The Board members' term of office terminates at the end of the first Annual General Meeting following the elections.

Remuneration payable to Board members are confirmed at the Annual General Meeting. The Board of Directors appoints a Chairman from among its members at the first constituent meeting following the Annual General Meeting. The Chairman presides until the end of the following Annual General Meeting. The Board meetings usually take place in Helsinki. The Board visits also the main units of the Group and holds its meetings at these locations. When necessary, telephone conferences can also be arranged. The Vice President responsible for finance and control and other Group Management Team members as well as internal auditor participate in the Board meetings when necessary. The auditor participates in the annual meeting dealing with financial statements and auditing plan. The Group General Counsel is the secretary of the Board.

The Board met 10 times in 2015, with an attendance as follows:

Petteri Walldén, Chairman	10/10	100%
Kim Gran (until April 8, 2015)	4/4	100%
Hille Korhonen	10/10	100%
Tapio Kuula (from April 8, 2015)	6/6	100%
Raimo Lind	10/10	100%
Inka Mero	10/10	100%
Risto Murto (until April 8, 2015)	4/4	100%
Hannu Penttilä	10/10	100%

In 2015 the company's Board comprised the following members:

Petteri Walldén, Chairman (b. 1948)
Member of the Board since 2005. Chairman of the Nomination and Remuneration Committee.
Education: Master of Science (Engineering).
Key experience:
2007–2010 Alteams Oy, President and CEO;
2001–2005 Onninen Oy, President and CEO;
1996–2001 Ensto Oy, President and CEO;
1990–1996 Nokia Kaapeli Oy, President and CEO;
1987–1990 Sako Oy, President and CEO.
Key positions of trust: Chairman of the Board: Ledil Oy, Savonlinna Opera Festival
Vice Chairman of the Board: Tikkurila Oyj
Member of the Board: Efla Oy, Kuusakoski Group Oy, SE Mäkinen Logistics Oy, Staffpoint Holding Oy, Teleste Oyj
Fee per year: EUR 80,000, of which EUR 39,984 in the form of 1,393 shares
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 6,000; Nomination and Remuneration Committee meetings, EUR 3,000.
Holdings on December 31, 2015: 17,130 shares

Kim Gran (b. 1954)
Member of the Board from April 3, 2002 to April 8, 2015.
Education: Bachelor of Science (Economics).
Key experience:
2000–2014 Nokian Tyres plc, President and CEO;
1995–2000 Nokian Tyres plc, Vice President, Nokian Car and Van Tyres
1992–1995 Pechiney Cebal, Corby, UK, Managing Director;
1988–1995 Cebal-Printal, Devizes, UK, Managing Director;
1987–1988 Printal Oy, Marketing Director;
1985–1987 Gran-Transport Ltd, Director;
1982–1985 A. Ahlström, Marketing Manager;
1980–1982 A. Ahlström, Purchasing Manager.
Vice Chairman of the Board: YIT Oyj
Member of the Board: SSAB, Finnish-Russian Chamber of Commerce (FRCC)
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 2,400.

Hille Korhonen (b. 1961)
Member of the Board since 2006. Member of the Nomination and Remuneration Committee.
Full-time position: President and CEO, Alko Oy
Education: Licentiate of Science (Technology).
Key experience:
2008–2012 Fiskars Oyj Abp, Vice President, Operations;
2003–2007 Iittala Group, Group Director, Operations;
1996–2003 Nokia Corporation, management duties for logistics;
1993–1996 Outokumpu Copper Plc, Manager, Logistics and Marketing Development.
Key positions of trust: Member of the Board: Finnish Commerce Federation, Ilmarinen Mutual Pension Insurance Company
Fee per year: EUR 40,000, of which EUR 19,978 in the form of 696 shares
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 6,000; Nomination and Remuneration Committee meetings, EUR 3,000.
Holdings on December 31, 2015: 7,264 shares

Tapio Kuula (b. 1957)
Member of the Board since 2015. Member of the Audit Committee.
Education: M.Sc. (Econ), M.Sc. (Electrical Engineering), B.Sc. (Econ).
Key experience:
2009–2015 Fortum Corporation, President and CEO;
2000–2009 Fortum Power and Heat Oy, President;
2005–2009 Fortum Corporation, Senior Vice President;
2000–2005 Fortum Oyj, President, Power and Heat Sector;
1999–2000 Fortum Power and Heat Oy, Senior Executive Vice President;
1997–1998 Imatran Voima Oy, Executive Vice President, member of the Management team and the Board;
1996–1997 Imatran Voima Oy, Director, Distribution;
1995–1996 Länsivoima Oyj, Deputy Managing Director;
1993–1996 Jyllinkosken Sähkö Oyj, Managing Director;
1989–1993 Koillis-Pohjan Sähkö Oy, Managing Director;
1988–1989 Energy Utility of the City of Seinäjoki, Managing Director;
1986–1988 Stuart Edgar Ltd. (G A Serlachius) UK, System Development Manager;
1984–1986 G A Serlachius, System Development Manager;
1980–1984 Koillis-Pohjan Sähkö Oy, Research Manager.
Key positions of trust: Co-chairman: Northern Dimension Business Council
Member of the Board: Fortum Corporation, Finnish-Russian Chamber of Commerce
Fee per year: EUR 40,000, of which EUR 19,978 in the form of 696 shares
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 3,600; Audit Committee meetings, EUR 2,400.
Holdings on December 31, 2015: 5,696 shares

Raimo Lind (b. 1953)
Member of the Board since 2014. Chairman of the Audit Committee.
Education: Master of Science (Economics).
Key experience:
2005–2013 Wärtsilä Oyj Abp, CFO, Senior Executive Vice President and deputy to the CEO;
1998–2004 Wärtsilä Oyj Abp, CFO;
1992–1997 Tamrock, President of Coal Division, President of Service Division, CFO;
1990–1991 Scantrailer Oy, Managing Director;
1976–1989 Wärtsilä Oyj Abp, Service Division, Vice President; Wärtsilä Singapore Ltd, Managing Director; Diesel Division, VP Group Controller.
Key positions of trust: Chairman of the Board: Elisa Oyj, Evac Group Oy
Member of the Board: Capman Credit, HiQ AB
Fee per year: EUR 40,000, of which EUR 19,978 in the form of 696 shares
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 6,000; Audit Committee meetings, EUR 3,000.
Holdings on December 31, 2015: 1,393 shares

Inka Mero (b. 1976)
Member of the Board since 2014. Member of the Audit Committee.
Full-time position: Co-founder and Chairwoman, KoppiCatch Oy
Education: Master of Science (Economics).
Key experience:
2008– KoppiCatch Oy, Co-Founder and Chairwoman;
2006–2008 Playforia Oy, CEO;
2005–2006 Nokia Oyj, Director;
2001–2005 Digia Oyj, VP, Sales and Marketing;
1996–2001 Sonera Oyj, Investment Manager.
Key positions of trust: Chairman of the Board: IndoorAtlas Oy, KoppiCatch Oy
Member of the Board: Fiskars Oyj, Staffpoint Holding Oy, StartupSauna Foundation
Fee per Year: EUR 40,000, of which EUR 19,978 in the form of 696 shares

Meeting fee: (EUR 600 per meeting attended): Board meetings, EUR 6,000; Audit Committee meetings, EUR 2,400.
Holdings on December 31, 2015: 1,393 shares

Risto Murto (b. 1963)
Member of the Board from April 12, 2012 to April 8, 2015.
Full-time position: CEO, Varma Mutual Pension Insurance Company
Education: Doctor of Science (Economics)
Key experience:
2010–2013 Varma Mutual Pension Insurance Company, Vice President;
2006–2010 Varma Mutual Pension Insurance Company, Director, Investments;
2000–2005 Opstock Ltd, Managing Director;
1997–2000 Opstock Ltd, Head of Equities and Research.
Key positions of trust: Vice-Chairman of the Board: Kaleva Mutual Life Insurance, University of Oulu, Finnish Pension Alliance TELA
Member of the Board: Wärtsilä Plc, Federation of Finnish Financial Services FFI
Meeting fee (EUR 600 per meeting attended): Board meetings, EUR 2,400; Audit Committee meetings, EUR 600.

Hannu Penttilä (b. 1953)
Member of the Board since 1999. Member of the Nomination and Remuneration Committee.
Education: Master of Laws.
Key experience:
2001–2014 Stockmann plc, CEO;
1994–2001 Stockmann plc, Executive Vice President;
1992–2001 Stockmann plc, Director, Department Store Division;
1986–1991 Stockmann plc, Director, Helsinki Department Store;
1985–1986 Stockmann plc, Manager, Tapiola Department Store;
1978–1984 Stockmann plc, Company lawyer;
1976–1978 Ministry of Labour, Inspector, junior ministerial secretary.
Key positions of trust: Member of the Board: L-Fashion Group Oy, Senior Advisor: Summa Capital Oy
Fee per year: EUR 40,000, of which EUR 19,978 in the form of 696 shares
Meeting fee: (EUR 600 per meeting attended): Board meetings, EUR 6,000; Nomination and Remuneration Committee meetings, EUR 3,000.
Holdings on December 31, 2015: 8,892 shares

Independence of the Board members
The Board members are independent of the company. All Board members are independent of all major shareholders of the company.

Committees of the Board
From its members, the Board of Directors appoints a chairman and the members for the committees annually at its first constituent meeting following the Annual General Meeting. Each committee must include no fewer than three members having the competence and expertise necessary for working in the committee. The members of the Audit Committee must be independent of the company, and at least one member must be independent of all major shareholders. The majority of the members of the Nomination and Remuneration Committee must be independent of the company. The President and CEO and the other members of the company management cannot act as members of the Nomination and Remuneration Committee.

Audit Committee
The Audit Committee assists the Board of Directors in its regulatory duties and reports to the Board. The committee has no independent decision-making power; collective decisions are made by the Board, which is responsible for carrying out the tasks assigned to the committee.

The members of the Audit Committee in 2015 were Raimo Lind (Chairman), Inka Mero, Tapio Kuula (from April 8, 2015), and Risto Murto (until April 8, 2015).

According to the rules of procedure specified by the Board, the committee controls that bookkeeping, financial administration, financing, internal auditing, audit of the accounts, and risk management are appropriately arranged in the company. The committee follows the reporting process for financial statements as well as any significant changes in the recording principles and the items valued in the balance sheet. The committee also processes the general description of the mechanisms of internal auditing and risk management of the financial reporting process, which forms part of the Corporate Governance Statement. The committee follows the statutory auditing of the financial statement and the consolidated financial statements and assesses the independence of the statutory auditor. The committee prepares the draft resolution on selecting the auditor.

The committee assembled 5 times in 2015 with an attendance as follows:

Raimo Lind	5/5	100%
Tapio Kuula (since April 8, 2015)	4/4	100%
Inka Mero	4/5	80%
Risto Murto (until April 8, 2015)	1/1	100%

All committee members are independent of the company and of all major shareholders of the company.

Nomination and Remuneration Committee
The Nomination and Remuneration Committee was established to improve the efficiency of the Board's work. The committee reports to the Board and assist it by preparing matters subject to decision by the Board. The committee has no independent decision-making power; collective decisions are made by the Board, which is responsible for carrying out the tasks assigned to the committee.

The members of the Nomination and Remuneration Committee in 2015 were Petteri Walldén (Chairman), Hille Korhonen and Hannu Penttilä.

The committee prepares the Board's proposal to the Annual General Meeting on the members to be appointed to the Board of Directors and the remuneration to be paid to the Board members. In addition, the committee prepares a proposal to the Board on the company's President and CEO and on the salary and other incentives paid to the President and CEO. The Nomination and Remuneration Committee also submits a proposal to the Board on the allocation and criteria of employee stock options and other incentives.

The committee assembled 5 times in 2015. The attendance rate was 100%. All committee members are independent of the company and of all major shareholders of the company.

President and CEO
The President and CEO manages the Group's business operations and implements the current corporate governance in accordance with the instructions and guidelines provided by the Board of Directors. With regard to the extent and quality of the company operations, the President and CEO may only undertake unusual or extensive actions when authorized to do so by the Board of Directors. The President and CEO is in charge of ensuring that the company accounting follows statutory requirements and that asset management is arranged reliably. The current President and CEO is Ari Lehtoranta, Master of Science in Telecommunications.

Other management
The Group's management team assists the President and CEO in operative management. In compliance with the Group's meeting practice, the Management Workshop convenes once a month, attended by the President and CEO, the business unit Vice Presidents, the service center Vice Presidents, the Executive Vice President for Russian operations, and the Internal Auditor (CAE). More details on the Group's Management Team are available www.nokiantyres.com/company/investors/corporate-governance/the-groups-management-team/.

Salaries and remuneration, 2015

Remuneration of the Board members

The remuneration payable to Board members is confirmed at the Annual General Meeting. In 2015, remuneration to Board members totalled EUR 335,800 (2014: EUR 336,712), including 4,873 (5,350) Nokian Tyres shares worth EUR 139,874 (EUR 150,281). In addition, the committee and Board members, received meeting fees totalling EUR 55,800 (EUR 36,000) for meetings attended. Board members are not included in the company's option scheme or performance share plan.

Remuneration of the President and CEO

The Board of Directors makes decisions concerning salary and other benefits of the President and CEO. The compensation package includes the basic salary, fringe benefits, payments under the pension capitalization scheme, and performance-related bonus scheme, which is based on the Group's profitability and growth. The bonus cannot exceed 100% of the President and CEO's annual base salary.

In 2015, the annual salary of Ari Lehtoranta, President and CEO, was EUR 687,942. The share of fringe benefits in the salary was EUR 8,469. In addition, the President and CEO received annual bonuses in a total of EUR 100,000. The stock options 2013C amounting 60,000.

The President and CEO's age of retirement is set by written agreement at 63 years. The pension will be determined on the basis of the Employees Pensions Act and a supplementary defined-benefit pension capitalization policy taken out by the company. The pension contribution paid in 2015 was EUR 132,000.

The President and CEO's period of notice is 6 months. If the agreement is terminated by the company, the President and CEO is entitled to compensation corresponding to 18 months' salary and other benefits, in addition to the notice period's salary.

The incentive systems of the management

The Board approves the salaries and benefits of managerial employees and the employee incentive scheme on the basis of a proposal by the Nomination and Remuneration Committee.

Rewards to the management are based on monthly remuneration determined by the competence classification of the tasks and on a separate annual bonus. The annual bonus is determined on the basis of the Group's EBIT and the achievement of the KPIs set for different functions. The function specific KPIs consist of several factors including profitable growth, cash flow, and the efficiency of operative process. The maximum annual bonus corresponds to 30-50% of a person's annual salary.

The Group has also created an option scheme covering all personnel and a performance share plan for key employees. These aim to provide long-term incentives and build commitment to the company.

Mechanisms of internal control, internal audit, and risk management

The purpose of the Group's internal control mechanisms is to ensure that the financial reports released by the company contain essentially correct information on the Group's financial position. The Group has defined Group-level instructions and policies for the key operative units specified below in order to ensure efficient and profitable operations.

The business activities of the Nokian Tyres Group are divided into two areas: the manufacturing business and the tyre chain. The manufacturing business consists of profit centers, which are Passenger Car Tyres, Heavy Tyres (the Nokian Heavy Tyres profit center was incorporated as an independent company as of January 1, 2006), and Other Business. Each profit center is responsible for its business area and its financial performance, risk management, balance sheet, and investments, supported by the different service functions. The Group's sales companies are a part of the sales function and serve as product distribution channels in local markets. The tyre chain is organized into a separate sub-group, whose parent company is Vianor Holding Oy, fully owned by the parent company Nokian Tyres plc. The tyre outlets operating in different countries are part of the sub-group.

The Managing Directors of the company's subsidiaries are responsible for the daily operations and administration of their companies. They report to the company's Vice President responsible for Sales, while the Managing Directors of the Vianor chain report to the director of the Vianor profit center.

The Board of Directors is responsible for the functionality of the internal control mechanisms, which are managed by the company management and implemented throughout the organization. Internal control is not a separate function; it is an integral part of all activities of the Group at all levels. Operative company management bears the main responsibility for operational control. Every supervisor is obliged to ensure sufficient control over the activities belonging to his or her responsibility and to continuously monitor the functionality of the control mechanisms. The Vice President responsible for finance and control is responsible for organizing financial administration and reporting processes and the internal control thereof. The parent company's Finance and Control unit is responsible for internal and external accounting; its tasks also include producing financial information concerning the business areas and ensuring the accuracy of this information.

The preparation process of the consolidated financial statements (IFRS), the related control measures, as well as the task descriptions and areas of responsibility related to the reporting process are as defined. The parent company's Finance and Control unit is in charge of consolidating the business areas' figures to produce Group-level financial information. Under the supervision of the parent company's Finance and Control unit, each legally separate Group company produces its own information in compliance with the instructions provided and in line with local legislation. The revenue and operating profit of the Group and business units are analyzed, and the consolidated profit is compared with the management's assessment of business development and information received on operative systems. The Group Finance and Control unit is centrally responsible for the interpretation and application of financial reporting standards, and also for monitoring compliance with these standards.

Effective internal control requires sufficient, timely, and reliable information in order for the company management to be able to monitor the achievement of targets and the efficiency of the control mechanisms. This refers to financial information, as well as other kinds of information received through IT systems and other internal and external channels. The instructions on financial administration and other matters are shared on the intranet for all those who need them, and training is organised to personnel with regard to these instructions when necessary. There is continuous communication with the business units. The company's financial performance is internally monitored by means of monthly reporting complemented with rolling forecasts. The financial results are communicated to company personnel immediately after the official stock exchange releases have been published.

Internal Auditing in Nokian Tyres Group carries out assessments and audits on the efficiency of risk management, internal control, and governance processes. Internal Auditing is an independent and objective function whose aims is to help the organization to achieve its targets. The Internal Audit function in the Group is managed by the Internal Auditor (CAE), who works under the Board of Directors and the President and CEO. The Internal Audit function of the Group is planned to be conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

In 2015, the internal audit focused among other things on assessing the operation and risks of various country organizations, compliance with corporate governance instructions, corporate social responsibility, data security, and some misconduct risks. External estimator conducted the assessment of the Group's internal audit during the Spring. The Internal Audit function has primarily reported to the Audit Committee. The Internal Audit function in Vianor focuses on guiding the outlets and ensuring conformity to the Vianor activity system. It reports to the Internal Auditor of the Group and the Managing Directors of the country units.

Risk management

The Group has adopted a risk management policy, approved by the Board of Directors, which supports the achievement of strategic goals and ensures continuity of business. The Group's risk management policy focuses on managing both the risks pertaining to business opportunities and the risks affecting the achievement of the Group's goals in the changing operating environment.

The risks are classified as strategic, operational, financial, and hazard risks. Strategic risks are related to customer relationships, competitors' actions, political risks, country risks, brand, R&D, and investments. Operational risks arise as a consequence of shortcomings or failures in the company's internal processes, actions by its personnel or systems, or external events, such as legislative changes, unpredictable rulings by judicial systems or authorities, or changes in raw material prices. Financial risks (Note 29) are related to fluctuations in interest rates and currency markets, refinancing, and counterparty risks. Hazard risks are risks that may lead to injuries, property damage, production outages, environmental impacts, or liabilities to third parties.

The most significant risks related to Nokian Tyres' business are the country risks related to the Russian business environment, reputation risks, product and R&D risks, production outage risks, currency risks, and governance and data administration risks. Due to the company's product strategy, interruption risks that are related to marketing and logistics may have a significant impact especially on peak season sales.

The risk management process aims to identify and evaluate the risks and to plan and implement practical measures for each risks. Among other things, such measures may include avoiding the risk, reducing it in different ways or transferring the risk through insurance or agreements. Control functions and actions are control or back-up procedures applied to reduce risks and ensure the completion of risk management measures.

Risk management is not assigned to a separate organization; its tasks follow the general distribution of responsibilities adopted elsewhere in the organization and its business activities. The company's Board of Directors discusses the risks annually in connection with the strategic process.

Insider issues

Nokian Tyres complies with the guidelines for insider trading drawn up by Nasdaq Helsinki, as well as Standard 5.3 of the Financial Supervisory Authority (Declarations of insider holdings and insider registers), which the company has supplemented with its own insider regulations.

In the guidelines for insiders issued by Nasdaq Helsinki, an insider with a duty to declare refers to:

1. The company's Board members, President and CEO, auditor, or representative of a body of authorized public accountants who is principally responsible for auditing the company, and

2. Other members of the company's top management who have regular access to insider information and who are authorized to make decisions regarding the company's future development and the organization of business activities. The company has assigned all the members of its top management in this category of insiders with a duty to declare.

In the guidelines for insiders issued by Nasdaq Helsinki, company-specific insiders refer to:

1. Persons employed by the company or working for the company under another type of contract who, owing to their position or the nature of their work have regular access to insider information and who the company has defined as insiders (so-called permanent company-specific insiders). In this group, the company has included management assistants, employees in the communications department responsible for distributing stock exchange and financial information, and the key employees in the finance department.

2. Persons employed by the company under an employment contract or other contract who have access to insider information, as well as persons temporarily included in the project-specific register (so-called project-specific insiders). A project is a confidentially prepared, uniquely identifiable collection of topics or arrangement which includes insider information and which, if realized, may essentially affect the value of the company's publicly traded securities. The Financial Supervisory Authority is entitled to have access to information pertaining to the management of the company's project-specific insider information.

Duty to declare, insider registers and trading prohibitions

The Securities Market Act imposes a duty to declare on the company's insiders with a duty to declare and requires that the company maintain a public register of its insiders with a duty to declare. The law requires that the company keep a confidential company-specific register of company-specific insiders. In the guidelines for insiders issued by Nasdaq Helsinki, insiders with a duty to declare and permanent company-specific insiders are jointly called permanent insiders.

Permanent insiders must time their trading in securities issued by the company in such a way that it does not erode confidence in the securities markets. Insiders are not allowed to trade the company's securities in the 30 days preceding the publication of interim reports and financial statement bulletins. This period may be extended if necessary. In addition to the permanent insiders themselves, the restriction on trading also applies to their spouses, individuals of legal incapacity under their guardianship, and corporate bodies in which they exercise authority. The trading prohibition applies to project-specific insiders until the termination or publication of the project.

Management of insider issues

Nokian Tyres maintains its insider register in the SIRE system of Euroclear Finland. The company has appointed an insider issues manager to manage the tasks related to insider trading. The company also has an insider registrar who deals with the practical tasks related to the insider register. The company reviews annually the basic information and trading covered by the duty to declare of the insiders with a duty to declare. Based on the review, the company prepares an annual report including the dates and results of the review.

Audit

The auditor has an important role as a controlling body appointed by the shareholders. The audits give shareholders an independent opinion on how the financial statements and Report by the Board of Directors of the Company have been drawn up and the accounting and administration of the Company have been managed. The auditor elected at the Annual General Meeting is KPMG Oy Ab, authorized public accountants, with Lasse Holopainen, Authorized Public Accountant, acting as the auditor with principal responsibility. In addition to his duties under the valid regulations, he reports all audit findings to the Group's management. The Group's audit fees in 2015 amounted to EUR 537,000 (2014: EUR 435,000). The fees paid to the authorized public accountants for other services totalled EUR 347,000 (EUR 266,000).

Communications

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.

Nokian Tyres group structure

Annual General Meeting

The Annual General Meeting of Nokian Tyres plc will be held at Tampere-talo, in Tampere, Finland; address Yliopistonkatu 55 on Tuesday 12 April 2016, starting at 4 p.m. Registration of attendants, the distribution of ballots and a coffee service will begin at 2 p.m.

Shareholders registered by no later than 31 March 2016 in the company's shareholder register, which is maintained by Euroclear Oy are entitled to attend the Annual General Meeting.

The Annual Report, including the company's annual accounts, the Report of the Board of Directors and the Auditors Report is available on the company's website no later than week 12, 2016. Read more at www.nokiantyres.com/annualgeneralmeeting2016/.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.50 per share be paid for the financial year 2015. The record date for the dividend payment will be 14 April 2016 and the dividend payment date 28 April 2016, provided that the Board's proposal is approved.

Share register

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

Financial reports

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

- Interim Report for three months on 4 May 2016
- Interim Report for six months on 9 August 2016
- Interim Report for nine months on 1 November 2016
- Financial Statements Bulletin 2016 on 2 February 2017

Nokian Tyres publishes its Interim Reports, Financial Statements Bulletin 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.

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Stock exchange releases in 2015

In 2015 Nokian Tyres published approximately 40 stock exchange releases. The titles of the most significant releases are given below. All 2015 releases as well as previous years´ releases can be found from Nokian Tyres web page from www.nokiantyres.com/company/publications/.

5.2. Nokian Tyres plc Financial Statement Bulletin 2014: Market share gains and improvements in operations mitigate the impact of the weak Russian economy. Strong cash flow enables stable dividends.

5.2. Proposals by the Board of Directors of Nokian Tyres plc to the Annual General Meeting

6.2. The Nokian WR winter tyre family is growing and renewing: New winter products will improve competitive strength in Central Europe

13.3. Nokian Tyres Annual Report 2014 published

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

8.4. Nokian Tyres plc Annual General Meeting, decisions

8.4. Decisions of the organisational meeting of Nokian Tyres plc’s Board of Directors

8.5. Nokian Tyres plc Interim Report January-March 2015: Growth in the west – Russia remains challenging

28.5. Share subscription price and market value of Nokian Tyres plc stock options 2013C

29.5. Nokian Tyres plc’s key employees incentive plan year 2015 and realization 2013-2014

7.8. Nokian Tyres to start statutory negotiations to adjust operations in Nokia, Finland

7.8. Nokian Tyres plc Interim Report January-June 2015: Delayed start of the winter tyre sales in Central Europe and Russia as well as deeper retail slump in Russia weakened volumes – clear improvement in mix

28.8. Nokian Tyres plc: Voluntary tender offer of its EUR 150,000,000 3.25 percent notes due 2017

9.9. Nokian Tyres plc: Final tender results for the voluntary tender offer

28.9. Statutory negotiations at Nokian Tyres’ Finnish factory ended

20.10. Changes in operational structure and management team

30.10. Nokian Tyres plc Interim Report January-September 2015: Improved profitability in Q3 supported by favourable product mix, raw material cost savings and productivity development

17.11. Nokian Tyres’ Capital Markets Day 2015: Back to profitable growth

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

Annual Report and Financial Review 2015

Nokian Tyres Annual Report and Financial Statements Bulletin/Financial Review 2015 are available only in electronic form on the company web site. Annual Report, above-mentioned reports as well as contact details including analysts can be read from www.nokiantyres.com/company/investors/.

www.nokiantyres.com