Nokian Tyres plc Stock Exchange Release 7 May 2014, 8 a.m.

Nokian Tyres plc Interim Report January-March 2014:
Position improving in all markets – devaluations penalize sales

Nokian Tyres Group's Net sales decreased by 6.3% to EUR 311.9 million (EUR 333.1 million in Q1/2013). Operating profit was EUR 68.4 million (76.3). Profit for the period amounted to EUR 38.7 million (63.6). Earnings per share amounted to EUR 0.29 (EUR 0.48).

Outlook

The market demand for replacement car tyres is expected to show growth in the Nordic countries, Central Europe and North America in 2014. In Russia the clearly devalued Rouble has hurt the economy, thus weakening growth in GDP, sales of new cars and tyre demand. Heavy industrial tyre demand is recovering in Nokian core products and is expected to improve clearly. The pricing environment for 2014 remains tight for all tyre categories.

The sales volume of Nokian Tyres is expected to show growth and the market position to improve in all end-user markets in 2014. Net sales, however, is expected to decrease due to currency devaluations and a weaker sales mix in Russia and CIS. Nokian Tyres continues to have competitive advantages from having manufacturing inside Russia. Of the Russian production 55% is exported and the margin between production costs in Roubles and export sales in Euros has improved. A decline of raw material costs is estimated to provide a tailwind of EUR 50 million full year 2014 supporting profitability. However, this is not enough to fully compensate for the weaker market conditions in Russia and CIS in 2014.

Financial guidance (unchanged since 3 April 2014)

In 2014, Net sales and Operating profit are to decline compared to 2013.

Key figures, EUR million:

	Q1/14	Q1/13	Change%	Q2/13	Q3/13	Q4/13	2013
Net sales	311.9*	333.1	-6.3	419.1	357.0	411.8	1,521.0
Operating profit	68.4	76.3	-10.4	120.2	95.7	93.2	385.5
Operating profit, %	21.9	22.9		28.7	26.8	22.6	25.3
Profit before tax	55.9	72.9	-23.2	98.8	83.4	57.7	312.8
Profit for the period	38.7	63.6	-39.1	85.6	70.9	-36.4	183.7
Earnings per share, EUR	0.29	0.48	-39.6	0.65	0.53	-0.28	1.39
Equity ratio, %	66.8	71.2					67.6
Cash flow from operations	-3.7	-95.1	96.1	-0.9	-94.3	515.9	325.6
RONA,% (roll. 12 months)	20.1	20.8					20.2
Gearing, %	-1.3	3.1					-4.1

*) Incl. fx effect of -32.4 m€

Kim Gran, President and CEO:

"Nokian Tyres managed to show solid sales volume improvement and outperformed market growth in all key markets in Q1. Our strong market leader position in Russia and Nordic countries is intact and we managed again to increase both market share and our distribution footprint. Despite the drop in sales value, we improved the Gross margin percentage, maintained a reasonably good level of profitability and improved cash flow. The company is debt free with a strong balance sheet, which together with inbuilt capacity reserves gives us a good platform to further develop our business. In 2014 we see a recovery in our western markets in Central Europe, Nordic countries and North America. We aim to continue to improve our market position and to provide healthy margins on the back of our renewed successful product lines, expanding distribution, efficient industrial structure and decreasing raw material cost.

Despite volume growth our Net sales declined due to devalued currencies, especially the Russian Rouble. Growth, however, in summer tyre sales in the Nordic countries and Central Europe, as well as a solid pre-sales volume of winter tyres in Russia secured a reasonably good top line for us. The expansion of our distribution network in CE is now starting to pay dividends with sales volumes increasing faster than the average market demand. We managed to increase our sales volume in CE by 21% against a market growth of 10%, giving away only 1% in ASP reduction. Our market shares improved again in all key market areas, which we expect to reward us as the markets continue to recover.

Our ASP was hit by currency rate effects and an increase in the share of mid-segment winter tyres sales in Russia. Our Gross margin percentage, however, improved with the help of a strong tailwind from material cost and improved production volumes. An improved utilization rate and a high share of Russian production improved productivity and reduced production costs.

We continue to develop our growth engine and expand our distribution network spearheaded by Vianor and a softer partner franchise model, Nokian Tyres Authorized Dealer (NAD). We added 29 Vianor shops during the first quarter and the network consists presently of 1,235 stores in 27 countries. The NAD network grew by 104 outlets in Q1 to 536 shops contracted in Italy, Germany, Ukraine, China, Denmark and Bulgaria. In Russia our dealership programs include 3,400 tyre stores and car dealers.

In 2014 we target to excel on the back of our renewed tyre range, expanding distribution and our strong industrial structure. Every cloud has a silver lining and despite tougher times and present headwind we remain confident that also Russia, as many times before, will kick back to healthy growth in due course and that our Hakkapeliitta team is again able to capitalize on the changing market conditions.

Market situation

The global economy has improved since late 2013, driven by the recovery in advanced economies. USA is the growth engine with shale energy, improved industrial investments, competitiveness of companies and consumers' light debt loads giving fuel for growth. The economy in China is believed to remain solid with an estimated GDP growth of 7.5% in 2014. The European economy has turned to slow growth with no major country in recession. European unemployment has passed its peak and consumer confidence has been improving in recent months. Even though many of the emerging economies are weak and some geopolitical risks like the Ukraine crisis exist, the global GDP growth is expected to speed up to 3.5-4.0% in 2014.

In Nokian Tyres' core markets the Nordic countries continue to show slow but comparatively stable development with a full year 2014 GDP growth estimate of 2 %, with Sweden having the strongest outlook. Due to the oil price levelling off, high interest rates, slow investments, and the Ukraine-Crimea crisis, the growth in Russia is expected to be sluggish with full year 2014 GDP growth estimated currently at 0-1%.

In Russia consumer confidence has continued to be on a relatively healthy level, but the consumer spending has been held back by the devalued Rouble and the high interest rates. The sales of new cars in Q1/2014 in Russia decreased by 2%, while foreign brands, representing some 80% of total, were up by 2% compared to Q1/2013. Car sales are estimated to decline somewhat in 2014. In the review period the sell-in volume for A and B segment tyres in Russia increased compared to Q1/2013 by approximately 4%. The full year 2014 market volume is estimated at best to be flat. Sales of mid class B-segment tyres increases proportionally weakening total market mix, which combined with the devaluation results in lower average sales prices in Russia. Some price increases in Roubles in H1/2014 have been announced by the tyre industry, however, not yet enough to compensate for the effect of the devaluation.

In Europe the sales of new cars increased in Q1/2014 by 8% year-over-year. Replacement car tyre sell-in to distributors increased by 10%, with winter tyres up by 24% compared to Q1/2013. An improved economic outlook and an increased consumer demand have turned tyre sales to growth. The pricing pressure in both the premium and the economy tyre segments show signs of easing off in Central Europe. Inventory levels in distribution are lower than a year ago and tyre demand is estimated to show healthy growth in Central Europe in 2014.

In the Nordic countries the new car sales increased by 15% in Q1/2014 year-over-year. The market volume of car tyres showed an increase of 4%, with winter tyre sell-in growing by 5% compared to Q1/2013. Both sales of new cars and tyre demand are estimated to grow in 2014.

The demand for speciality heavy tyres has started to recover. Forestry tyre and radial industrial tyre demand turned back to growth already in H2/2013 and they continue to improve in 2014. Demand for mining and harbour machinery tyres have also showed signs of improvement. The manufacturers' delivery times have become longer in some product groups.

Since 2013 there has been a recovery in truck tyre demand. In Q1/2014 in Europe the demand for premium truck tyres was up by 16%, and in the Nordic countries the demand was up by 6% year-over-year. However, the demand in Russia decreased by 17%. The recovery is expected to continue in all Nokian Tyres' western markets in 2014.

Raw materials

The tailwind from tyre industry raw material prices is expected to continue in 2014. The raw material cost (€/kg) for Nokian Tyres was down 19.4% in Q1/2014 year-over-year, supporting Gross margin by approximately EUR 20 million. The raw material cost is estimated to decrease by 14.6% in Q2/2014 versus Q2/2013 and to decrease 12.5% in full year 2014, providing a tailwind of approximately EUR 50 million versus 2013.

January-March 2014

Nokian Tyres Group recorded Net sales of EUR 311.9 million (333.1), showing a decrease of 6.3% compared with Q1/2013. Currency rate changes cut Net sales by EUR 32.4 million. In the Nordic countries sales increased by 11.4%, representing 32.2% (27.4%) of the group's total sales. Sales in Russia decreased by 20.2%. Russia and CIS consolidated sales dropped by 23.4% and formed 41.9% (51.8%) of the group's total sales. In Other Europe sales were up by 19.4% year-over-year, representing 17.3% (13.7%) of the group's total sales. In North America sales increased by 16.6% and were 8.1% (6.6%) of the group's total sales.

Sales of passenger car tyres were down by 9.8%, representing 74.6% (78.1%) of the group's total sales. Heavy tyres' sales increased by 4.3% and were 10.4% (9.5%) of the group's total sales. Vianor's sales increased by 13.4% forming 15.0% (12.5%) of the group's total sales.

Raw material cost (EUR/kg) in manufacturing decreased by 19.4% year-over-year. Fixed costs amounted to EUR 99.6 million (100.4), accounting for 31.9% (30.1%) of Net sales. Total salaries and wages were EUR 47.5 million (45.0).

Nokian Tyres Group's Operating profit amounted to EUR 68.4 million (76.3). The Operating profit was negatively affected by the IFRS 2 -compliant option scheme write-off of EUR 3.3 million (3.0) and expensed credit losses and provisions of EUR 1.7 million (0.2).

Net financial expenses were EUR 12.5 million (3.5). Net interest expenses were EUR 5.5 million (3.9) including EUR 1.6 million penalty interests related to additional taxes and EUR 2.4 million (2.3) in non-cash expenses related to convertible bonds. Net financial expenses include EUR -7.0 million (0.5) of exchange rate differences.

Profit before tax was EUR 55.9 million (72.9). Profit for the period amounted to 38.7 million (63.6), and EPS were EUR 0.29 (EUR 0.48), penalized by additional taxes of EUR 11.0 million in Finland, including punitive tax increases and interests.

Return on net assets (RONA, rolling 12 months) was 20.1% (20.8%). Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) was EUR -3.7 million (-95.1).

The Group employed an average of 4,151 (4,030) people, and 4,176 (4,080) at the end of the review period. The equity-owned Vianor tyre chain employed 1,496 (1,408) people and Russian operations 1,345 (1,269) people at the end of the period.

Investments

Investments in the review period amounted to EUR 17.1 million (47.6). This comprises of production investments in the Russian and Finnish factories, moulds for new products and the Vianor expansion projects.

Financial position on 31 March 2014

Gearing ratio was -1.3% (3.1%). Interest-bearing net debt amounted to EUR -17.7 million (46.3). Equity ratio was 66.8% (71.2%).

The Group's interest-bearing liabilities totalled EUR 367.7 million (366.4) of which current interest-bearing liabilities amounted to EUR 184.6 million (41.2). The average interest rate of interest-bearing liabilities was 4.7% (4.5%). The average interest rate of interest-bearing liabilities was 2.4% (2.2%) with calculatory non-cash expenses related to the convertible bond eliminated. Cash and cash equivalents amounted to EUR 385.4 million (320.1).

At the end of the review period the company had unused credit limits amounting to EUR 656.7 million (657.0) of which EUR 305.9 million (306.1) were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables, subsidiaries in distribution chains and thus control the typical seasonality in the Group's cash flow due to changes in the working capital.

Tax rate

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

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 of Nokian Tyres Group in North America totally ignoring the business rationale and corresponding advance rulings presented by the company.

Nokian Tyres U.S. Finance Oy considers the reassessment decision of the Tax Administration as unfounded and appeals against it by leaving the claim for rectification to the Board of Adjustment and, if necessary, the company will continue the appeal process in the Administrative Court.

Due to the additional taxes, the Group’s tax rate was 30.7% (12.7%) in the review period. Tax rate excluding the additional taxes was 15.0%. The tax rate was positively affected by tax incentives in Russia based on present investments and further investment-related incentive agreements. The new agreed tax benefits and incentives came into force in the beginning of 2013. The agreement will prolong the benefits and incentives until approximately 2020.

Nokian Tyres Group has another pending dispute with the Finnish Tax Administration about EUR 100.3 million of additional taxes with punitive tax increases and interests, concerning years 2007-2010. The Company has recorded the total sum in full in the financial statement and the result of year 2013.

The estimated tax rate going forward will depend on the timetable and final result of the appeal processes against the Finnish Tax Administration. If the claim to the Administrative Court does not lead to annulment of the tax decisions, the Group's corporate tax rate is expected to rise in the next 5 years, from the previously announced 17 per cent to a maximum of 22 per cent.

PASSENGER CAR TYRES

	Q1/14	Q1/13	Change%	Q2/13	Q3/13	Q4/13	2013
Net sales, m€	246.9	273.7	-9.8	317.9	273.8	271.6	1,137.0
Operating profit, m€	80.0	92.4	-13.3	114.6	96.3	75.3	378.5
Operating profit, %	32.4	33.8		36.0	35.2	27.7	33.3
RONA,% (roll.12 m.)	27.6	29.6					28.2

The Net sales of Nokian Passenger Car Tyres totalled EUR 246.9 million (273.7), down by 9.8% from the corresponding period a year earlier. Operating profit amounted to EUR 80.0 million (92.4). Operating profit percentage was 32.4% (33.8%).

Nokian car and van tyre volumes continued to grow in Q1. The global sales volume was up by 9% in Q1 year-over-year. The global sales value dropped due to Russia and CIS, where currency devaluations and a weaker mix decreased sales in Euros. The sales volume increased also in Russia, and the company gained market share and strengthened its position as the clear market leader in the premium and mid segments. Market share improved also in the Nordic countries, Central Europe and North America.

The Average Selling Price decreased due to a weaker sales mix in Russia and the pricing pressure still prevailing in all markets. Winter tyres represented 62% (58%) of sales volume and the share of mid segment tyres was high in the first quarter.

Raw material costs (€/kg) were down by 20% year-over-year, which together with improved productivity supported margins.

The new summer tyre range with the spearhead products Nokian Hakka Blue, Nokian Hakka Green, Nokian Line and Nokian Z SUV won several car magazines' tests in the core markets and in Central Europe in spring 2014. A major overhaul of key winter product offering, altogether five new product ranges, was done in 2013. In autumn 2013 Nokian tyres dominated the winter tyre tests with several victories in Nordic and Russian car magazines, which is expected to boost winter tyre sales in 2014. Also the Central European winter tyre test results were a success for Nokian Tyres with test wins in key markets.

Fixed costs decreased year-over-year, which supported to maintain healthy margins.

Cash flow improved due to lower investments, finished goods inventory and trade receivables.

In the review period 77% of Nokian car tyres (pcs) were manufactured in the Russian factories. Production output (pcs) increased in Q1/2014 by 15% and productivity (kg/mh) improved by 6% year-over-year.

The target for 2014 is to increase sales volume (pcs) in all markets, to win market share in core markets and Central Europe with new products, to expand distribution further and to improve productivity and the utilization of capacities.

HEAVY TYRES

	Q1/14	Q1/13	Change%	Q2/13	Q3/13	Q4/13	2013
Net sales, m€	34.6	33.2	4.3	36.7	39.9	40.0	149.7
Operating profit, m€	4.5	4.0	10.7	4.6	6.2	5.6	20.4
Operating profit, %	12.9	12.2		12.5	15.5	13.9	13.6
RONA,% (roll.12 m.)	18.2	15.3					17.7

The Net sales of Nokian Heavy Tyres totalled EUR 34.6 million (33.2), up by 4.3% year-over-year. Operating profit was EUR 4.5 million (4.0), and the Operating profit percentage 12.9% (12.2%).

Heavy machinery tyres

The demand is recovering in most of the heavy tyre product groups. The order book of Nokian Heavy Tyres is now healthy and the demand exceeded delivery capacity in some product groups in Q1. Sales increased in Q1/2014 by 4%, with forestry tyre sales up by 43%. Average Selling Price decreased in the first quarter year-over-year due to a challenging pricing environment. Margins were supported by lower raw material cost and improved productivity.

The production output (tonnes) was up in Q1 by 20%, but it was not enough to meet the higher demand. A ramp-up of the production utilization rate from present 65% to in excess of 90% was initiated and is to be completed in Q2. The modernization of manufacturing has already opened bottlenecks, reduced manning and improved product quality, flexibility, and productivity.

Truck tyres and retreading materials

The sales of truck tyres decreased in the review period year-over-year. Overall the sales showed healthy growth in Norway, Finland, Czech Republic, Poland and Croatia. In Russia Nokian Tyres' market share increased due to an improved product range in both premium and standard tyres.

A restructuring of the Heavy Tyres operation to include also the Truck tyre profit center was done in the end of 2013 and the new organization has become effective from the beginning of 2014. Synergies are expected to materialize both in sales and in fixed costs already in 2014.

The demand in Nokian core heavy tyres as well as truck tyres are estimated to grow in OEM and in the replacement market. The focus is to increase sales especially in forestry, radial heavy tyres and truck winter tyres, to increase production output, and to improve productivity.

VIANOR

Equity-owned operations

	Q1/14	Q1/13	Change%	Q2/13	Q3/13	Q4/13	2013
Net sales, m€	49.5	43.7	13.4	86.4	65.3	117.2	312.5
Operating result, m€	-12.0	-15.9	24.7	6.0	-4.7	12.8	-1.8
Operating result, %	-24.2	-36.4		7.0	-7.2	10.9	-0.6
RONA,% (roll.12 m.)	1.3	-3.1					-1.1

At the end of the review period Vianor had 186 (182) equity-owned stores in Finland, Sweden, Norway, USA, Switzerland and Russia. Vianor's Net sales amounted to EUR 49.5 million (43.7), up by 13.4% compared with Q1/2013. Operating result was EUR -12.0 million (-15.9) and the Operating result percentage was -24.2% (-36.4%).

Vianor succeeded in its strategic task of expanding distribution and setting market prices for Nokian products and was able to win market shares in a challenging market situation. The spring season in the Nordic countries with high summer tyre consumer sales started already in March, which supported sales in Q1. Operating result, however, was seasonally negative in Q1 as expected.

The gradual change of 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 Q1/2014 a total of 50 car service operations have been acquired in the Nordic countries and integrated with existing Vianor stores. Service sales increased by 36%, representing 45% of total top line growth in Q1.

The expansion of the network, increasing consumer tyre sales and the development of service sales are proceeding as planned.

Franchising and partner operations

Vianor expanded the retail network in Nokian Tyres' key markets by 29 stores during Q1/2014. At the end of the review period the Vianor network comprised of totally 1,235 stores of which 1,049 were partners. Vianor operates in 27 countries; most extensively in the Nordic countries, Russia and Ukraine. Nokian Tyres' market shares improved as a result of the expansion in each respective country. Expanding the partner franchise network will continue according to plans; the target is to have 1,340 Vianor stores by the end of 2014.

A new softer partner franchise model initiated in 2012, Nokian Tyres Authorized Dealers (NAD), expanded in Q1/2014 by 104 to 536 stores contracted in Italy, Germany, Ukraine, China, Denmark and Bulgaria. The target of the expansion is to reach 900 NAD stores by the end of 2014.

RUSSIA AND THE CIS COUNTRIES

Nokian Tyres' sales in Russia decreased year-over-year by 20.2% to EUR 140.7 million (176.3). Sales in CIS countries (excluding Russia) were EUR 2.0 million (10.0). Consolidated sales in Russia and CIS decreased by 23.4% to EUR 142.7 million (186.4). As the sales volume (pcs) in Russia was up year-over-year, the decrease in sales value relates mainly to the weakening of the Russian Rouble. The Operating profit and margin of the Russian entity were strong.

Nokian winter tyre sales volume (pcs) increased clearly with a growing share of mid-price segment tyres, despite of stagnated new car sales in Russia. Nokian Tyres' market share improved and the company strengthened its market leader position. Summer tyre sales were down due to distributors' carry-over stocks from two consecutive weak summer tyre consumer seasons in 2012-2013. Payments of customers' trade receivables and governmental tax incentives came in as planned.

The distribution network was extended by signing additional distribution agreements and expanding the Vianor network by 9 stores. There were a total of 630 Vianor stores in 367 cities in Russia and CIS countries at the end of the review period. The Hakka Guarantee network and other retail partners working closely with Nokian Tyres in Russia comprised of 3,400 tyre stores, Vianor shops, car dealers, and web shops. Nokian Tyres' e-commerce development proceeded according to plans.

The 13 production lines in the Russian factories equals to an annualized capacity of over 15 million tyres with current shift arrangements. Production output and productivity increased in the first quarter year-over-year.

Nokian Tyres will continue to target outperforming the market in Russia in 2014, but in the current market situation this implies a modest growth in sales volume against the stagnating market. The weaker Rouble will have a clear negative impact on reported sales in Euros.

Russian market

Due to the oil price levelling off, high interest rates, slow investments, and the Ukraine-Crimea crisis, the growth in Russia is expected to be sluggish with full year 2014 GDP growth estimated currently at 0-1%. In Russia consumer confidence has continued to be on a relatively healthy level, but the consumer spending has been held back by the devalued Rouble and the high interest rates.

The sales of new cars in Q1/2014 in Russia decreased by 2%, while foreign brands, representing some 80% of total, were up by 2% compared to Q1/2013. Car sales are estimated to decline somewhat in 2014.

In the review period the sell-in volume for A and B segment tyres in Russia increased compared to Q1/2013 by approximately 4%. The full year 2014 market volume is estimated at best to be flat. Sales of mid class B-segment tyres increases proportionally weakening total market mix, which combined with the devaluation results in lower average sales prices in Russia. Some price increases in Roubles in H1/2014 have been announced by the tyre industry, however, not yet enough to compensate for the effect of the devaluation.

By Russia joining WTO, the tyre duties will go down gradually; duty of car and van tyres is expected to decrease from 18% to 16% in 2014 and gradually to 10% in 2017.

The Nokian Tyres plant located in Russia inside the customs borders combined with strong brands and an expanding distribution provides a significant competitive edge on the market, and Nokian Tyres targets to outperform the market also in 2014.

OTHER MATTERS

1. Stock options on the NASDAQ OMX Helsinki Stock Exchange

The total number of stock options 2010A is 1,320,000. Each stock option 2010A entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2010A during 1 May 2012 - 31 May 2014. In the aggregate, the stock options 2010A entitle their holders to subscribe for 1,320,000 shares. The present share subscription price with stock options 2010A is EUR 13.39/share. The dividends payable annually shall be deducted from the share subscription price.

The total number of stock options 2010B is 1,340,000. Each stock option 2010B entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2010B during 1 May 2013 - 31 May 2015. In the aggregate, the stock options 2010B entitle their holders to subscribe for 1,340,000 shares. The present share subscription price with stock options 2010B is EUR 28.80/share. The dividends payable annually shall be deducted from the share subscription price.

2. Shares subscribed with option rights

After 13 December 2013 registered new shares a total of 57,595 Nokian Tyres plc's shares have been subscribed with the 2010A option rights and 40 shares with the 2010B option rights. New shares have been registered into the Trade Register on 19 February 2014, as of which date the new shares will establish shareholder rights. The share capital will not increase with subscriptions made by 2010 option rights. The entire subscription price of EUR 855,919.80 will be entered in the invested unrestricted equity reserve. As a result of the share subscriptions, the number of Nokian Tyres plc shares will increase to 133,344,731 shares.

3. Share price development

The Nokian Tyres' share price was EUR 29.35 (EUR 34.70) at the end of the review period. The volume weighted average share price during the period was EUR 31.43 (EUR 33.72), the highest EUR 36.19 (EUR 36.63) and the lowest EUR 27.36 (EUR 30.00). A total of 50,172,785 shares were traded during the period (37,976,168), representing 38% (29%) of the company's overall share capital. The company's market value at the end of the period amounted EUR 3.914 billion (EUR 4.592 billion).The company's percentage of Finnish shareholders was 37.4% (37.4%) and 62.6% (62.6%) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's ownership of approximately 15.0%.

4. Decisions made at the Annual General Meeting

On 8 April 2014, Nokian Tyres Annual General Meeting accepted the financial statements for 2013 and discharged the Board of Directors and the President and CEO from liability.

4.1.Dividend

The meeting decided that a dividend of EUR 1.45 per share shall be paid for the period ending on 31 December, 2013. The dividend shall be paid to shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of 11 April 2014. The dividend payment date was decided to be 25 April 2014.

4.2. Members of the Board of Directors and Auditor

The meeting decided that the Board of Directors has seven members. Current members Kim Gran, Hille Korhonen, Risto Murto, Hannu Penttilä and Petteri Walldén will continue in the Board of Directors. Two new members were chosen to the Board: Mr Raimo Lind and Ms Inka Mero. Authorised public accountants KPMG Oy Ab continue as auditors.

4.3. 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. With the exception of the President and CEO, members of the Board and the Nomination and Remuneration Committee are also granted an attendance fee of EUR 600 per meeting.

In addition, 50% of the annual fee be paid in cash and 50% in company shares, such that in the period from 9 April to 30 April 2014, EUR 40,000 worth of Nokian Tyres plc shares will be purchased at 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. No separate compensation will be paid to the President and CEO for Board work.

5. Corporate social responsibility

Nokian Tyres plc is qualified to the OMX GES Sustainability Finland 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 OMX Helsinki listed companies in terms of sustainability. The index criteria are based upon international guidelines for environmental, social and governance (ESG) issues. The index is calculated by NASDAQ OMX in cooperation with GES Investment Services.

Nokian Tyres will publish its Corporate Responsibility Report by the end of May, 2014.

6. Forming of the new Heavy Tyres profit centre as of 1st January 2014

Nokian Tyres integrated the Heavy Tyres and Truck Tyres profit centers and formed a new profit centre as of 1st January 2014. The combined Net sales of the two profit centres were approximately EUR 150 million in 2013 and they employ about 280 people in Nokia, Finland. The integration of two small business units' resources, operations and management is expected to improve sales and profitability.

7. Changes in ownership

Nokian Tyres received a notification from EuroPacific Growth Fund on 19 February 2014, according to which the total holding of EuroPacific Growth Fund in Nokian Tyres plc exceeded 5% as a result of a share transaction concluded on 18 February 2014.

8. Matters after the review period

8.1. New guidance for 2014

With a Stock exchange release on 3 April 2014 Nokian Tyres announced that in 2014, Net sales and Operating profit are to decline compared to 2013. It was explained that the clearly devalued Rouble has hurt Russian economy and the purchasing power of Russian consumers, thus weakening tyre demand and Nokian Tyres' sales in Russia. Nokian Tyres estimated growth in 2014 in all its western markets: Nordic countries, Central Europe and North America.

RISKS, UNCERTAINTY AND DISPUTES IN THE NEAR FUTURE

The global economy has improved since late 2013, driven by the advanced economies. In Nokian Tyres' core markets the Nordic countries continue to show slow but comparatively stable development. Due to oil price levelling off, high interest rates, slow investments, and the Ukraine-Crimea crisis, the growth in Russia is expected to be sluggish with full year 2014 GDP growth estimated currently at 0-1%. An escalation of the Ukranian crisis would cause a serious disruption, additional trade barriers and a slowdown of economic development in Russia, CIS and Finland. About 80% of present Nokian production volume of car tyres is in Russia. All in all the economic uncertainties may weaken future demand for tyres and increase credit risk.

The company's receivables increased in the review period due to seasonality and business model. Tyre inventories are on a planned level. The company follows the development of NWC very closely. At the end of the review period the Russian trade receivables accounted for 51% (48%) of the Group's total trade receivables.

Around 35% of the Group's Net sales in 2014 are estimated to be generated from Euro-denominated sales. The most important sales currencies in addition to the Euro are the Russian Rouble, the Swedish and Norwegian Krona, the US Dollar and the Ukrainian Hryvnia.

Nokian Tyres' other risks and uncertainty factors relate to the challenging pricing environment of tyres. The maintaining of profitability in case of rising raw material prices depends on the company's ability to raise tyre prices in line with the increasing raw material cost.

Tax disputes

Nokian Tyres Group has a pending dispute with the Finnish Tax Administration about EUR 100.3 million of additional taxes with punitive tax increases and interests, concerning years 2007-2010. The Company has recorded the total sum in full in the financial statement and the result of year 2013.

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

Nokian Tyres considers the reassessment decisions of the Tax Administration to be incorrect and is going to appeal against them by leaving the claim for rectification to the Board of Adjustment. If necessary, the Company will continue the appeal process 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. The Company is considering to initiate a separate process to determine the legality of the procedures used in the tax audit by Tax Administration and tax inspectors.

OUTLOOK FOR 2014

The global economy has improved since late 2013, driven by the recovery in advanced economies. The European economy has turned to slow growth with no major country in recession. European unemployment has passed its peak and consumer confidence has been improving in recent months. Even though many of the emerging economies are weak and some geopolitical risks like the Ukraine crisis exist, the global GDP growth is expected to speed up to 3.5-4.0% in 2014.

In Nokian Tyres' core markets the Nordic countries continue to show slow but comparatively stable development with a full year 2014 GDP growth estimate of 2%. The growth in Russia is expected to be sluggish with full year 2014 GDP growth estimated currently at 0-1%.

The market demand for replacement car tyres is expected to show growth in the Nordic countries, Central Europe and North America in 2014. In Russia the clearly devalued Rouble has hurt the economy, thus weakening growth in GDP, sales of new cars and tyre demand.

The sales volume of Nokian Tyres is expected to show growth and the market position to improve in all end-user markets in 2014. Net sales, however, is expected to decrease due to currency devaluations and a weaker sales mix in Russia and CIS. Nokian Tyres continues to have competitive advantages from having manufacturing inside Russia. Of the Russian production 55% is exported and the margin between production costs in Roubles and export sales in Euros has improved.

The pricing environment for 2014 remains tight for all tyre categories. The raw material cost is estimated to decrease by 14.6% in Q2/2014 versus Q2/2013, and to decrease 12.5% in full year 2014, providing a tailwind of approximately EUR 50 million versus 2013. However, this is not enough to fully compensate for the weaker market conditions in Russia and CIS in 2014.

Nokian Tyres' growing car tyre production capacity in Russia and a rebuilt heavy tyre production in Finland offer growth potential, productivity gains, and a moderate growth of fixed costs supports profitability. There is an inbuilt capability to increase output rapidly without capex to meet market growth.

Heavy industrial tyre demand is recovering in Nokian core products and is expected to improve clearly.

Vianor is expected to add 140 stores to the retail network in 2014 and to reach 1,340 stores, increase sales, develop service business further and to show a positive Operating result in full year 2014.

A strong position in the core markets, an expanding distribution channel, and an improved cost structure with majority of production inside duty borders of Russia and CIS combined with new test winner products give Nokian Tyres opportunities to strengthen its market leadership in the core markets and to provide healthy margins and a strong cash flow also in 2014.

Financial guidance (unchanged since 3 April 2014)
In 2014, Net sales and Operating profit are to decline compared to 2013.

INVESTMENTS IN 2014

Nokian Tyres' estimate for total investments in 2014 is EUR 103 million (125.6). EUR 25 million will be invested in Russia. The balance comprises of investments in Nokia plant (automation, moulds, ICT, R&D), Heavy tyres and sales companies including Vianor chain.

Nokia, 7 May 2014

Nokian Tyres plc

Board of Directors

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

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This financial statements bulletin has been prepared in accordance with IFRS compliant recognition and measurement principles and the same accounting policies as in the most recent annual financial statements, but it has not been prepared in compliance with all requirements set out in IAS 34 'Interim Financial Reporting'.

Nokian Tyres 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 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 Nokian Tyres. During the period, a total number of 300,000 shares was acquired. At the end of the period the total number of shares was 300,000.

The interim report figures are unaudited.

NOKIAN TYRES CONSOLIDATED INCOME STATEMENT Million euros	1-3/14	1-3/13	1-12/13	Change %
Net sales	311.9	333.1	1,521.0	-6.3
Cost of sales	-169.2	-184.9	-819.9	8.5
Gross profit	142.7	148.2	701.0	-3.7
Other operating income	1.1	1.2	3.9	-6.9
Selling and marketing expenses	-59.1	-59.1	-249.1	0.0
Administration expenses	-9.0	-9.0	-36.6	0.6
Other operating expenses	-7.4	-4.9	-33.8	-49.0
Operating profit	68.4	76.3	385.5	-10.4
Financial income	40.4	18.4	104.3	119.9
Financial expenses (1	-52.8	-21.8	-177.0	-142.0
Profit before tax	55.9	72.9	312.8	-23.2
Tax expense (2 (3	-17.2	-9.2	-129.1	-85.7
Profit for the period	38.7	63.6	183.7	-39.1
Attributable to:				
Equity holders of the parent	38.8	63.6	183.8	
Non-controlling interest	0.0	0.0	-0.1	
Earnings per share from the profit attributable to equity holders of the parent				
basic, euros	0.29	0.48	1.39	-39.6
diluted, euros	0.30	0.47	1.39	-37.0

CONSOLIDATED OTHER COMPREHENSIVE INCOME Million euros	1-3/14	1-3/13	1-12/13
Profit for the period	38.7	63.6	183.7
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax:			
Gains/Losses from hedge of net investments in foreign operations	0.0	-4.9	-1.9
Cash flow hedges	-0.3	-0.2	0.8
Translation differences on foreign operations 4)	-45.2	13.1	-65.6
Total other comprehensive income for the period, net of tax	-45.5	7.9	-66.7
Total comprehensive income for the period	-6.8	71.5	117.0
Total comprehensive income attributable to:			
Equity holders of the parent	-6.7	71.6	117.1
Non-controlling interest	0.0	0.0	-0.1

1) Financial expenses in 1-3/14 contain EUR 1.6 million expensed punitive interest for tax reassessment decisions on years 2008-2012 and in 1-12/13 EUR 20.2 million on years 2007-2010.
2) Tax expense in 1-3/14 contains EUR 9.4 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2008-2012 and in 1-12/13 EUR 80.1 million on years 2007-2010.
3) Otherwise tax expense in the consolidated income statement is based on the taxable result for the period.
4) Since the beginning of this year 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".

KEY RATIOS	31.3.14	31.3.13	31.12.13	Change%
Equity ratio, %	66.8	71.2	67.6	
Gearing, %	-1.3	3.1	-4.1	
Equity per share, euro	10.38	11.46	10.45	9.7
Interest-bearing net debt, mill. euros	-17.7	46.3	-56.4	
Capital expenditure, mill. euros	17.1	47.6	125.6	
Depreciation, mill. euros	23.3	23.9	93.5	
Personnel, average	4,151	4,030	4,194	
Number of shares (million units)				
at the end of period	133.04	132.32	133.29	
in average	133.27	132.12	132.65	
in average, diluted	137.42	137.92	137.62	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.3.14	31.3.13	31.12.13
Million euros			
Non-current assets			
Property, plant and equipment	643.9	723.3	683.8
Goodwill	70.8	69.1	69.9
Other intangible assets	23.1	26.2	24.7
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.3	0.3	0.3
Other receivables	8.9	16.6	11.3
Deferred tax assets	4.9	10.4	8.8
Total non-current assets	751.9	846.0	798.8
Current assets			
Inventories	336.3	346.4	322.1
Trade receivables	496.1	519.2	404.8
Other receivables	101.5	103.5	112.6
Current tax assets	0.0	0.0	0.0
Cash and cash equivalents	385.4	320.1	424.6
Total current assets	1,319.4	1,289.2	1,264.1
Equity			
Share capital	25.4	25.4	25.4
Share premium	181.4	181.4	181.4
Treasury shares	-8.6	-	-
Translation reserve	-173.7	-52.9	-128.5
Fair value and hedging reserves	-1.0	-1.7	-0.7
Paid-up unrestricted equity reserve	97.9	84.1	97.1
Retained earnings	1,260.1	1,279.8	1,217.9
Non-controlling interest	0.2	0.3	0.2
Total equity	1,381.7	1,516.5	1,392.8
Non-current liabilities			
Deferred tax liabilities	41.7	41.6	36.1
Provisions	0.1	0.1	0.1
Interest bearing financial liabilities	183.2	325.2	185.8
Other liabilities	3.7	4.2	3.5
Total non-current liabilities	228.6	371.1	225.4
Current liabilities			
Trade payables	82.3	96.8	65.8
Other current payables	190.9	104.8	193.4
Current tax liabilities	0.0	0.0	0.0
Provisions	3.2	4.8	3.0
Interest-bearing financial liabilities	184.6	41.2	182.4
Total current liabilities	460.9	247.5	444.7
Total assets	2,071.2	2,135.1	2,062.9

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

CONSOLIDATED STATEMENT OF CASH FLOWS Million euros	1-3/14	1-3/13	1-12/13
Cash flows from operating activities:			
Cash generated from operations	-8.5	-46.3	424.4
Financial items and taxes	-15.2	-21.7	-106.9
Net cash from operating activities	-23.8	-68.0	317.6
Cash flows from investing activities:			
Net cash used in investing activities	-17.5	-46.2	-143.4
Cash flows from financing activities:			
Proceeds from issue of share capital	0.9	4.8	17.8
Change in current financial receivables and debt	4.6	-2.2	-40.7
Change in non-current financial receivables and debt	-2.5	1.0	36.6
Dividends paid	0.0	0.0	-191.9
Net cash from financing activities	3.0	3.6	-178.1
Net change in cash and cash equivalents	-38.3	-110.6	-4.0
Cash and cash equivalents at the beginning of the period	424.6	430.3	430.3
Effect of exchange rate changes	-0.9	0.3	-1.8
Cash and cash equivalents at the end of the period	385.4	320.1	424.6
	-38.3	-110.6	-4.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

				Equity attributable to equity holders of the parent					
Million euros	A	B	C	D	E	F	G	H	I
Equity, Jan 1st 2013	25.4	181.4	-	-61.0	-1.5	79.3	1,213.2	0.3	1,437.2
Profit for the period							63.6	0.0	63.6
Other comprehensive income, net of tax:									
Cash flow hedges					-0.2				-0.2
Net investment hedge				-4.9					-4.9
Translation differences				13.1				0.0	13.1
Total comprehensive income for the period				8.2	-0.2		63.6	0.0	71.5
Dividends paid							0.0		0.0
Exercised warrants						4.8			4.8
Share-based payments							3.0		3.0
Total transactions with owners for the period						4.8	3.0		7.8
Equity, Mar 31st 2013	25.4	181.4	-	-52.9	-1.7	84.1	1,279.8	0.3	1,516.5
Equity, Jan 1st 2014	25.4	181.4	-	-128.5	-0.7	97.1	1,217.9	0.2	1,392.8
Profit for the period							38.8	0.0	38.7
Other comprehensive income, net of tax:									
Cash flow hedges					-0.3				-0.3
Net investment hedge									0.0
Translation differences				-45.2					-45.2
Total comprehensive income for the period				-45.2	-0.3	0.0	38.8	0.0	-6.7
Dividends paid							0.0		0.0
Exercised warrants						0.9			0.9
Acquisition of treasury shares			-8.6						-8.6
Share-based payments							3.3		3.3
Total transactions with owners for the period						0.0	3.3		3.3
Equity, Mar 31st 2014	25.4	181.4	-8.6	-173.7	-1.0	97.9	1,260.1	0.2	1,381.7

SEGMENT INFORMATION

Million euros	1-3/14	1-3/13	1-12/13	Change %
Net sales				
Passenger car tyres	246.9	273.7	1,137.0	-9.8
Heavy tyres	34.6	33.2	149.7	4.3
Vianor	49.5	43.7	312.5	13.4
Other operations	1.6	2.1	14.1	-26.3
Eliminations	-20.6	-19.5	-92.3	-5.6
Total	311.9	333.1	1,521.0	-6.3
Operating result				
Passenger car tyres	80.0	92.4	378.5	-13.3
Heavy tyres	4.5	4.0	20.4	10.7
Vianor	-12.0	-15.9	-1.8	24.7
Other operations	-3.1	-4.0	-13.1	24.4
Eliminations	-1.1	-0.1	1.5	-657.9
Total	68.4	76.3	385.5	-10.4
Operating result, % of net sales				
Passenger car tyres	32.4	33.8	33.3	
Heavy tyres	12.9	12.2	13.6	
Vianor	-24.2	-36.4	-0.6	
Total	21.9	22.9	25.3	
Cash Flow II				
Passenger car tyres	6.4	-77.3	297.1	108.2
Heavy tyres	1.0	-1.8	28.4	156.5
Vianor	-12.4	-10.5	7.4	-17.4
Total	-3.7	-95.1	325.6	96.1

Nokian Tyres integrated the Heavy Tyres and Truck Tyres profit centers and formed a new profit centre called Heavy Tyres as of 1st January 2014.

CONTINGENT LIABILITIES Million euros	31.3.14	31.3.13	31.12.13
FOR OWN DEBT			
Mortgages	1.1	1.1	1.1
Pledged assets	0.2	0.2	0.2
Guarantees			
OTHER OWN COMMITMENTS			
Guarantees	3.2	3.4	3.3
Leasing and rent commitments	58.9	84.2	63.3
Purchase commitments	2.0	2.0	2.0

DERIVATIVE FINANCIAL INSTRUMENTS Million euros	31.3.14	31.3.13	31.12.13
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Notional amount	0.0	39.8	0.0
Fair value	-0.1	-1.1	0.0
FOREIGN CURRENCY DERIVATIVES			
Currency forwards			
Notional amount	556.9	545.3	225.8
Fair value	-0.9	-6.0	1.9
Currency options, purchased			
Notional amount	13.1	130.5	110.3
Fair value	0.1	1.3	2.4
Currency options, written			
Notional amount	13.1	262.8	110.3
Fair value	-0.1	-2.0	-0.9
Interest rate and currency swaps			
Notional amount	20.0	20.0	20.0
Fair value	3.6	-0.3	0.1
ELECTRICITY DERIVATIVES			
Electricity forwards			
Notional amount	11.2	13.3	12.3
Fair value	-3.3	-1.9	-2.8

DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS

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

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

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

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

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

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

DEFINITIONS OF SALES AREAS

Nordic countries: Finland, Norway, Sweden.

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

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

North America: Canada, USA.

Core markets: Nordic countries, Russia and CIS.

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Nokian Tyres plc

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Nokian Tyres Interim Report January-March was published on Wednesday 7 May, 2014 at 8.00 a.m. Finnish time.

The result presentation to analysts and media will be held in Hotel Kämp in Helsinki at 10.00 a.m. Finnish time. The presentation can be listened through audiocast via internet at http://www.nokiantyres.com/resultinfoq12014

To be able to ask questions during the event you can participate in the conference call. Please dial in 5-10 minutes before the beginning of the event +44 (0) 1452 555566. Password: 29744575

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

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

Nokian Tyres interim report January-June will be published on Friday 8 August, 2014. Releases and company information will be found from http://www.nokiantyres.com