2017

Interim Report January–March 2017

May 3, 2017

Nokian Tyres plc Interim Report January–March 2017, May 3, 2017, 8.00 a.m.

Nokian Tyres plc Interim Report January–March 2017:
Strong start of the year and good prospects for steady growth

January–March 2017

- Net sales increased by 18.2% to EUR 325.9 million (275.8 in 1–3/2016). Currency exchange rate changes affected net sales positively by EUR 21.3 million compared with the rates in 1–3/2016.
- Operating profit increased by 16.6% to EUR 58.9 million (50.5). Operating profit percentage was 18.1% (18.3%).
- The profit for the period increased by 13.6% to EUR 45.3 million (39.9).
- Earnings per share were EUR 0.33 (0.30).
- Cash flow from operating activities was EUR -40.1 million (-61.4).

Financial guidance (updated)
In 2017, with the current exchange rates, net sales are expected to grow by at least 10% and operating profit is expected to grow by over 5% compared to 2016.

Previous guidance (Feb 2, 2017)
In 2017, with the current exchange rates, net sales and operating profit are expected to grow by at least 5% compared to 2016.

Key figures, EUR million

	1–3 /17	**1–3 /16**	**Change %**	**4–6 /16**	**7–9 /16**	**10–12 /16**	**2016**
Net sales	325.9	275.8	18.2	337.4	317.2	460.7	1,391.2
Operating profit	58.9	50.5	16.6	77.5	74.1	108.5	310.5
Operating profit %	18.1	18.3		23.0	23.3	23.5	22.3
Profit before tax	58.9	48.5	21.5	74.8	69.2	106.3	298.7
Profit for the period	45.3	39.9	13.6	61.3	59.4	91.2	251.8
Earnings per share, EUR	0.33	0.30	12.5	0.46	0.44	0.67	1.87
Equity ratio, %	74.5	74.5					73.8
Cash flow from operating activities	-40.1	-61.4		21.3	-52.5	456.9	364.4
Gearing, %	-16.4	-8.5					-19.7
Interest-bearing net debt	-253.4	-111.8					-287.4
Capital expenditure	17.3	19.1	-9.3	25.3	30.0	31.1	105.6

Andrei Pantioukhov, Interim President and CEO:

“Nokian Tyres had a strong start of the year. We demonstrated strong performance in all our main market areas. Both our net sales and operating profit improved compared to the same period in 2016.

The first quarter was positive in many aspects. Sales in all our main markets increased compared to the same period in the previous year. All our main market areas reached growth and Russia became the biggest contributor to this growth, like in Q4/2016.

Russia’s economy started growing again after seven consecutive quarters of recession. In Russia, the market is expected to return to growth, but the pace of the recovery is likely to be quite moderate.

Our production volumes were higher than last year. Raw material costs continued to increase in Q1/2017 compared to Q4/2016. We estimate that the raw material costs will increase by approximately 20% for the full year 2017 vs. 2016. We have already implemented necessary price increases in all markets, and the full effect of these increases will be seen in the following quarters due to the seasonality of Nokian Tyres’ business model.

The cash flow from operating activities was EUR 21 million better than for Q1/2016. Investments in Q1/2017 amounted to EUR 17.3 million.

Passenger Car Tyres performed very well during the first quarter, and net sales and operating profit increased year-over-year. ASP increased mainly due to improved product mix and positive currency impact. In Heavy Tyres, net sales increased but operating profit decreased clearly year-over-year due to the raw material cost increases, timing of price increases and fixed costs, bigger share of OE sales, and continued investments into future sales and production.

Vianor’s net sales increased slightly but were affected by the delayed summer tyre season. The profit improvement program started according to plan, including equity-owned network optimization in all countries. The number of Vianor, NAD, and N-Tyre stores in our network grew by 63 in Q1/2017. Currently, the network includes 3,165 stores in total.

Our products continued to perform very well in magazine tests. The new flagship products for our winter tyre range, the Nokian Hakkapeliitta 9 and Nokian Hakkapeliitta 9 SUV, along with new value-for-money products Nokian Nordman 7 and Nokian Nordman 7 SUV, will strengthen our product portfolio for our core market areas in the Nordic countries and Russia.

The Board has made a principal decision on the investment in the third factory and authorized the management of the Company to sign a Letter of Intent with the respective authorities in the USA. The new factory will be located in Dayton (Rhea County), Tennessee, USA. The annual capacity of the factory will be 4 million tyres with an expansion potential in the future and the total investment amount at this phase is approximately USD 360 million. Construction is scheduled to begin in early 2018, and the first tyres are to be produced in 2020.

Nokian Tyres is in great shape. A strong position in the core markets, investments in growth markets, a strong distribution and competitive products give Nokian Tyres an excellent ground for future growth. The company has clearly returned to the growth track and intends to stay on this track in the future. In 2017, with the current exchange rates, net sales are expected to grow by at least 10% and operating profit is expected to grow by over 5% compared to 2016.”

Market situation

The global recovery continues. For 2017 and 2018, growth is expected in all regions of the global economy. The global GDP is estimated to grow by 3.5% in 2017 (3.1% in 2016). The GDP growth estimates for the Nordic countries are from +1.3% to +3.0%, for Europe (including the Nordics) +1.7%, and for the US +2.2%. In Russia, GDP is forecasted to grow by approximately 1–2%.

Raw material costs for tyre production demonstrated fast growth. The global tyre industry is responding to growing raw material costs by price increases. However, actual price increases implemented in the markets are delayed compared to public announcements.

In Europe, the sales of new cars increased in January–March 2017 by 8% year-over-year. Car tyre sell-in to distributors was up 4% year-over-year, with winter tyre demand increasing by 6%. Overall, tyre demand in Central Europe is estimated to grow slightly year-over-year in 2017.

In the Nordic countries, new car sales increased in January–March 2017 by 5% year-over-year. The market volume of car tyres decreased by 7%. For the full year of 2017, car tyre demand is estimated to remain at the same level year-over-year.

In North America, the estimated new car sales were up by 1.0% in Q1/2017 vs. Q1/2016. The market volume of car tyres was up slightly year-over-year. However, demand for winter tyres decreased due to mild winter. For the full year of 2017, car tyre demand is estimated to increase slightly year-over-year.

Russia's economy started growing again after seven consecutive quarters of recession. The first quarter of 2017 is expected to have been slightly positive and the GDP growth forecasts for the whole year 2017 are in the range of 1–2%. However, private consumption remains quite weak after having declined by 10% in 2015 and by a further 4.5% in 2016. It is expected to continue in a slight decline in Q1/2017 and to stagnate for the rest of the year. This development is reflected in the retail turnover in Russia, which continues to shrink. Sales of new cars in Russia are expected to grow only modestly, in the range of 5–10% vs. 2016. After the first three months of 2017, sales of new cars increased by 1% vs. the same period of 2016, with growth starting only in March (+9% vs. March 2016). The total replacement tyre market sell-in in Russia is expected to grow by 5–10% in 2017 vs. 2016. Summer tyre sell-in for the 2017 season showed strong growth, backed by low carry-over stocks from 2016. The consumer sell-out season in Russia started quite early and strongly, but was later disrupted by changing weather conditions.

The global demand for special heavy tyres continued to vary strongly between products and market areas in January–March 2017. OE forestry tyre demand remained strong. The increased use of wood and the good profitability of pulp manufacturers will also support forestry machine and tyre demand during the following quarters. During the review period, the agricultural segment also showed improvement.

In January–March 2017, the sell-in of premium truck tyres was up by 15% in Europe, and in the Nordic countries demand was up by 21%. In Russia, the demand for premium truck tyres decreased by 5% compared to Q1/2016. Truck tyre demand in 2017 is estimated to increase in all of Nokian Tyres' western markets; in Russia, demand is estimated to remain at the same level year-over-year.

Raw materials

Nokian Tyres' raw material costs (EUR/kg) were up by 18.8% in Q1/2017 year-over-year. The raw material costs are estimated to increase by approximately 20% in the full year of 2017, providing a headwind of approximately EUR 60 million versus 2016.

JANUARY–MARCH 2017

Nokian Tyres Group recorded net sales of EUR 325.9 million (275.8), with an increase of 18.2% compared with Q1/2016. Currency exchange rates affected net sales positively by EUR 21.3 million.

Net sales development by market area

	Growth%	% of total net sales in 1–3/2017	% of total net sales in 1–3/2016
Nordic countries	5.0	35.8	40.8
Russia and the CIS	56.1	25.7	19.1
Other Europe	18.5	25.3	25.2
North America	9.4	12.6	13.9

Net sales development by business unit

	Growth%	% of total net sales in 1–3/2017	% of total net sales in 1–3/2016
Passenger Car Tyres	22.5	72.1	68.9
Heavy Tyres	5.9	11.6	12.8
Vianor	4.7	16.4	18.3

Raw material costs (EUR/kg) in manufacturing increased by 18.8% year-over-year and increased by 9.4% versus the fourth quarter of 2016. Fixed costs amounted to EUR 117.5 million (96.1), thereby accounting for 36.0% (34.8%) of net sales. Total salaries and wages were EUR 50.3 million (44.2).

Nokian Tyres Group's operating profit amounted to EUR 58.9 million (50.5), with an increase of 16.6% compared with Q1/2016. The operating profit was negatively affected by the IFRS 2 compliant accrual for share option and performance share plans of EUR 6.0 million (2.7). In Q1/2017, the expensed credit losses and provisions were EUR -0.1 million (4.2).

Net financial expenses were EUR 0.0 million (2.0). Net interest expenses were EUR 2.1 million (1.6). Net financial expenses include a gain of EUR 2.1 million (loss of EUR 0.4 million) in exchange rate differences.

Profit before tax was EUR 58.9 million (48.5). Profit for the period amounted to EUR 45.3 million (39.9), and the EPS were EUR 0.33 (0.30). The profit for the period increased by 13.6% compared to Q1/2016.

Cash flow from operating activities was EUR -40.1 million (-61.4). In Q1/2016, cash flow from operating activities was affected by the payment of EUR 51.0 million in additional taxes with punitive tax increases and interest concerning the tax years 2007–2010. The company paid the amount in January 2016. The company received the reassessment decisions of EUR 94.1 million in December 2015 and in January 2016. Previously, the Tax Administration had already set off EUR 43.1 million of the amount despite the stay of execution.

Investments

Investments in the review period amounted to EUR 17.3 million (19.1). This comprises production investments in the Russian and Finnish factories, molds for new products, ICT and process development projects and the Vianor expansion projects.

Financial position on March 31, 2017

The gearing ratio was -16.4% (-8.5%). Interest-bearing net debt amounted to EUR -253.4 million (-111.8). Equity ratio was 74.5% (74.5%).

The Group's interest-bearing liabilities totaled EUR 226.8 million (221.7), of which the current interest-bearing liabilities amounted to EUR 88.5 million (21.4). The average interest rate for interest-bearing liabilities was 3.3% (3.2%). Cash and cash equivalents amounted to EUR 480.2 million (333.5).

At the end of the review period, the company had unused credit limits amounting to EUR 507.0 million (508.6), of which EUR 155.7 million (155.7) were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables and subsidiaries in distribution chains, thereby controlling the typical seasonality in the Group's cash flow.

Tax rate

Dispute concerning 2007–2010

Nokian Tyres received in December 2013 and in January 2014 reassessment decisions from the Tax Administration, according to which the Company was obliged to pay a total of EUR 100.3 million in additional taxes with punitive tax increases and interests concerning the tax years 2007–2010. The Company recorded the amount in full to the financial statement and result of year 2013. The Company considered the decisions unfounded and appealed against them by filing a claim for rectification with the Board of Adjustment.

In April 2015, the Board of Adjustment of the Finnish Tax Administration annulled the reassessment decision by the Tax Administration, according to which the Company was obliged to pay EUR 100.3 million in 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 decisions 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.

In December 2015 and January 2016, the Company received renewed reassessment decisions from the Tax Administration, according to which the Company was obliged to pay EUR 94.1 million in additional taxes with punitive tax increases and interest concerning the tax years 2007–2010. The company paid the amount in January 2016. The total sum demanded by the tax authorities was EUR 94.1 million, of which EUR 62.8 million were additional taxes and EUR 31.3 million were punitive tax increases and interest. The Company still considers the decisions unfounded and appealed against them by filing a claim with the Board of Adjustment.

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

In November 2016, the Company announced that The Board of Adjustment of the Finnish Tax Administration held in force the reassessment decision from the Tax Administration related to additional taxes of EUR 62.8 million, but decreased the amount of punitive tax increases and interests from EUR 31.3 million to EUR 26.4 million concerning the tax years 2007–2010. The company has paid the whole amount of EUR 89.2 million. The Company considers the decision unfounded and appealed against it by filing a claim with the Administrative Court in January 2017.

The reassessment decision regarding the year 2011 has not been received yet, and the later years have not been tax audited by the Finnish Tax Administration.

Dispute concerning the US subsidiary 2008–2012

Nokian Tyres U.S. Finance Oy, a subsidiary of Nokian Tyres plc (ownership: 100% of the 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 in additional taxes with punitive tax increases and interest concerning the tax years 2008 to 2012. EUR 7.9 million of this consists of additional taxes and

EUR 3.1 million are punitive tax increases and interest. The company recorded them in full in the financial statement and result for Q1/2014.

The Large Taxpayers' Office carried out a tax audit concerning the Finnish Business Tax Act, where the Tax Administration raised an issue about the restructuring of the sales company and acquisitions by Nokian Tyres Group in North America, completely 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 unfounded and filed a claim for rectification with the Board of Adjustment. If necessary, the company will continue the appeal process in the Administrative Court.

Tax rate outcome and estimate

The Group's tax rate was 23.1% (17.7%) in the review period. Difference to the estimated 19% Group tax rate is mainly driven by the strengthened Russian ruble increasing the accrued withholding tax on undistributed funds. The tax rate is positively affected by tax incentives in Russia for current investments and further future investments. The latest agreed tax benefits and incentives for the factory came into force at the beginning of 2013 and, for the sales company, these were renewed in August 2016. The agreements will extend the benefits and incentives until approximately 2020. Due to the renewed agreement and changes in Russian legislation, the estimate for the Group's tax rate is expected to be 19% for 2017–2019.

The tax rate in the coming years will depend on the timetable and final outcome of the ongoing back tax disputes with the Finnish Tax Administration. The Group's corporate annual tax rate may rise as a result of these cases.

Personnel

In Q1/2017 the Group employed, on average, 4,422 (4,242) people, and 4,577 (4,389) at the end of the review period. In Finland, the Group employed 1,664 (1,698) people at the end of the review period, and 1,418 (1,352) people in Russia. The equity-owned Vianor tyre retail chain employed 1,831 (1,731) people at the end of the review period.

BUSINESS UNIT REVIEWS

Passenger Car Tyres

	1–3 /17	1–3 /16	Change %	4–6 /16	7–9 /16	10–12 /16	2016
Net sales, M€	248.0	202.4	22.5	230.1	234.6	314.0	981.1
Operating profit, M€	75.9	62.3	21.9	64.7	84.4	94.4	305.8
Operating profit, %	30.6	30.8		28.1	36.0	30.1	31.2

Net sales of Nokian Passenger Car Tyres totaled EUR 248.0 million (202.4) in Q1/2017, up by 22.5 % year-over-year. Operating profit was EUR 75.9 million (62.3). Operating profit percentage was 30.6% (30.8%).

Net sales increased clearly during the review period. In January–March 2017, net sales increased in Russia, North America and Other Europe. The Nordic countries remained at the same level year-over-year. In most countries, the volumes were up. In Russia, summer tyre sell-in was very strong, other markets remained at a stable level. Nokian Tyres' summer tyre sales continued to increase in all key markets.

In Q1/2017, the ASP in euros increased due to improved product mix and positive currency impact. The share of winter tyres in the sales mix was 40% (44%), the share of summer tyres was 45% (44%), and the share of All-Season tyres was 15% (12%). Increased sales of All-Season tyres strengthens our position in North America and Other Europe. Price increases have been implemented in all markets, and the full effect of these increases will be seen in the following quarters due to the seasonality of Nokian Tyres' business model.

Raw material costs (€/kg) were up by 20.4% year-over-year. Improved productivity supported the margins.

Nokian Tyres excelled in the tyre tests, with several car magazine test victories all over the world. Read more: www.nokiantyres.com/test-success/. A flow of product launches with new innovations – improving safety, comfort and eco-friendly driving – continued in the review period. For example, the Nokian Hakkapeliitta 9, Nokian Hakkapeliitta 9 SUV, Nokian Nordman 7, and Nokian Nordman 7 SUV were introduced. The key markets for these products are in the Nordic countries, Russia, and North America. The Nokian Hakkapeliitta 44 was also launched; it is used in the harshest environments of the world, such as glaciers, Antarctica, and the northern part of Eurasia.

During the review period, capacity utilization increased year-over-year, and the production output (pcs) increased by 12%. Vsevolozhsk factory is practically running at full capacity, given the current product range. The company decided to increase production at Nokia factory with the current shift pattern. Productivity (kg/mh) improved by 2% year-over-year. In Q1/2017, 85% (85%) of Nokian passenger car tyres (pcs) were manufactured at the Russian factory.

Heavy Tyres

	1–3 /17	1–3 /16	Change %	4–6 /16	7–9 /16	10–12 /16	2016
Net sales, M€	39.8	37.6	5.9	38.7	37.3	41.7	155.3
Operating profit, M€	5.7	8.9	-36.2	6.1	6.0	7.2	28.2
Operating profit, %	14.3	23.7		15.7	16.2	17.2	18.2

Net sales of Nokian Heavy Tyres totaled EUR 39.8 million (37.6) in Q1/2017, up by 5.9% year-over-year. Operating profit was EUR 5.7 million (8.9). Operating profit percentage was 14.3% (23.7%).

In the Western markets, demand was good in most of Nokian Heavy Tyres' core product groups. Sales of forestry and agricultural were strong. Sales increased especially in North America and remained at a good level in the Nordic countries. In Russia, sales increased mainly due to currency effects. In Other Europe, sales remained at the same level. Especially new product sales developed well. The operating profit decreased clearly due to the raw material cost increases, timing of price increases and fixed costs, bigger share of OE sales, and continued investments into future sales and production.

In Q1/2017, the ASP increased year-over-year mainly due to currency effects. Price increases have been started in all markets, and the full effect of these increases will be seen in the following quarters. During the review period, sales volumes of the company's own production increased year-over-year. Productivity decreased temporarily year-over-year due to the planned production ramp-up.

Production output (metric tons) increased vs. Q1/2016. Investments into production technology continued.

Vianor

Equity operations

	1–3 /17	1–3 /16	Change %	4–6 /16	7–9 /16	10–12 /16	2016
Net sales, M€	56.3	53.8	4.7	89.4	66.7	125.0	334.8
Operating profit, M€	-15.8	-14.7	-7.7	5.5	-6.7	7.8	-8.1
Operating profit, %	-28.1	-27.3		6.2	-10.0	6.2	-2.4
Equity stores, pcs	208	201					212

Net sales totaled EUR 56.3 million (53.8) in Q1/2017, up by 4.7% year-over-year. Operating profit was EUR -15.8 million (-14.7). Operating profit percentage was -28.1% (-27.3%).

In Q1/2017, net sales increased slightly year-over-year, but were affected by the delayed summer tyre season. The retail business environment continued to be very challenging. The profit improvement program started according to plan, including equity-owned network optimization in all countries. At the end of the review period, Vianor had 208 (201) equity stores in Finland, Sweden, Norway, USA, and Switzerland.

Branded distribution network

Nokian Tyres' branded distribution network includes the Vianor equity chain, Vianor partner chain, Nokian Tyres Authorized Dealers (NAD), and N-Tyre. Vianor chains operate in 27 countries.

In Nokian Tyres' key markets, the size of the Vianor equity and partner chain remained at the same level during Q1/2017 (compared to year-end 2016: equity -4, partner +4). At the end of the review period, the Vianor equity and partner network comprised 1,501 stores in total, of which 1,293 were partners.

Nokian Tyres Authorized Dealers (NAD) network has expanded during the review period by 61 stores compared to year-end 2016, and comprises 1,542 stores under contract in 19 European countries and China. N-Tyre, a Nokian Tyres partner network, is operating with 122 stores in Russia and the CIS, and it has expanded during the review period by 2 stores compared to year-end 2016.

OTHER MATTERS

1. Stock options on the Nasdaq Helsinki Stock Exchange

The total number of stock options 2013A is 1,150,000. Each stock option 2013A entitles its holder to subscribe to one share in Nokian Tyres plc. The shares can be subscribed with the stock options 2013A during the period of May 1, 2015 to May 31, 2017. The present share subscription price with stock options 2013A is EUR 26.33/share. The dividends payable annually are deducted from the share subscription price.

The total number of stock options 2013B is 1,150,000. Each stock option 2013B entitles its holder to subscribe to one share in Nokian Tyres plc. The shares can be subscribed with the stock options 2013B during the period of May 1, 2016 to May 31, 2018. The present share subscription price with stock options 2013B is EUR 25.06/share. The dividends payable annually are deducted from the share subscription price.

2. Authorizations

In 2017, 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, or by granting special rights under chapter 10 section 1 of the Finnish Limited Liability Companies Act that entitle to shares (including convertible bonds), on one or more occasions. The authorization is effective for two years from the decision.

In 2017, the Annual General Meeting authorized the Board of Directors to resolve to repurchase a maximum of 5,000,000 shares in the Company by using funds in the unrestricted shareholders' equity. The authorization is effective until the next Annual General Meeting, however, at most until October 10, 2018.

3. Own shares

No share repurchases were made in the review period, and the company did not possess any own shares on March 31, 2017.

In 2014, Nokian Tyres 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 corresponded to 0.2% of the total shares and voting rights of the company. On March 31, 2017, the number of these shares was 41,331.

4. Trading in shares

Nokian Tyres' share price was EUR 39.14 (31.02) at the end of the review period. The volume weighted average share price during the period was EUR 36.91 (30.60), the highest was EUR 39.43 (34.38) and the lowest was EUR 34.24 (27.48). A total of 26,376,213 shares were traded in Nasdaq Helsinki during the period (47,283,283), representing 19% (35%) of the company's overall share capital. Nokian Tyres' shares are also traded on alternative exchanges, such as BATS CXE, Turquoise, and BATS BXE. The total trading volume on these alternative exchanges was 24,675,355 shares during the review period. The company's market capitalization at the end of the period was EUR 5.320 billion (4.178 billion). The company had 36,081 (37,057) shareholders. The percentage of Finnish shareholders was 23.4% (24.7%), and 76.6% (75.3%) were non-Finnish holders and foreign shareholders registered in the nominee register. This figure includes Bridgestone's holding of approximately 14.7%.

5. Changes in ownership

Nokian Tyres did not receive any flagging notifications during the review period.

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

6. Decisions made at the Annual General Meeting

On April 10, 2017, the Annual General Meeting of Nokian Tyres approved the Financial Statements for 2016 and discharged the members of the Board of Directors and the President and CEO from liability for the 2016 financial year.

6.1. Dividend

The meeting decided that a dividend of EUR 1.53 per share should be paid for the period ending on December 31, 2016. The dividend payment date was April 27, 2017, and the dividend was paid to the shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of April 12, 2017.

6.2. Change to the Articles of Association

The meeting confirmed the new proposed wording for Article 4: The Company's administration and proper organization of operations shall be the responsibility of the Board of Directors, consisting of a minimum of four and a maximum of eight members, in accordance with the decision made by the General Meeting of the Shareholders. The term of office of the members of the Board of Directors ends at the closing of the first Annual General Meeting following the election. The Board of Directors shall elect a Chairman and a Deputy Chairman from among its members until the closing of the next Annual General Meeting.

6.3. Members of the Board of Directors and Auditor

The meeting decided that the Board of Directors has seven members. Out of the current members Heikki Allonen, Tapio Kuula, Raimo Lind, Veronica Lindholm, Inka Mero, and Petteri Walldén will continue in the Board of Directors. Mr. George Rietbergen was elected as a new member of the Board.

Authorized public accountants KPMG Oy Ab continue as auditors.

6.4. Remuneration of the Members of the Board of Directors

The meeting decided that the monthly fee paid to the Chairman of the Board is EUR 6,667, or EUR 80,000 per year, the monthly fee paid to the Deputy Chairman of the Board and to the Chairman of the Audit Committee is EUR 5,000, or EUR 60,000 per year, and the monthly fee paid to Members of the Board is EUR 3,333, or EUR 40,000 per year.

50% of the annual fee is paid in cash and 50% in Company shares to the effect that, in the period from April 11 to April 30, 2017, EUR 40,000 worth of Nokian Tyres plc shares were purchased at the stock exchange on behalf of the Chairman of the Board, EUR 30,000 worth of Nokian Tyres plc shares were purchased at the stock exchange on behalf of the Deputy Chairman of the Board and Chairman of the Audit committee, and EUR 20,000 worth of shares were purchased on behalf of each Board Member.

The company is liable to pay any asset transfer tax which may arise from the acquisition of shares. Each member of the Board will receive a meeting fee of EUR 600 per attended meeting. If a Board member's habitual residence is outside Finland, the meeting fee is EUR 1,200 per attended meeting. Travel expenses will be compensated for in accordance with the company's travel policy.

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

In the Board meeting on April 10, 2017, Petteri Walldén was elected Chairman of the Board and Tapio Kuula was elected Deputy Chairman of the Board. The Board elected Tapio Kuula (Chairman), Veronica Lindholm and Petteri Walldén as members of the Personnel and Remuneration Committee. The Board elected Raimo Lind (Chairman), Heikki Allonen, Inka Mero, and George Rietbergen as members of the Audit Committee.

8. Corporate social responsibility

Nokian Tyres published its Corporate Sustainability Report in March 2017. The Corporate Sustainability Report is available in Finnish and English on the company's website at www.nokiantyres.com/company/sustainability/. The report is based on the international, widely adopted GRI G4 guidelines that divide sustainability into three main groups (financial, environmental, and social sustainability and their different subgroups). Product safety and quality, as well as profitable growth, good HR management, and environmental issues are important for the development of sustainable business operations at Nokian Tyres. The report is the fifth GRI report from Nokian Tyres and, in the interests of quality assurance, it has now been externally assured for the second time.

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 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 is also included in the STOXX Global ESG Leaders indices, and is a constituent of the FTSE4Good Index.

9. Nokian Tyres introduces new flagship products for its winter tyre range: the Nokian Hakkapeliitta 9 and Nokian Hakkapeliitta 9 SUV utilize unique stud technology

On January 3, 2017, Nokian Tyres announced that Nokian Tyres renews its studded tyre range by launching its new flagship products: the Nokian Hakkapeliitta 9, designed for passenger cars, and the Nokian Hakkapeliitta 9 SUV for sports utility vehicles. In addition to the Nokian Hakkapeliitta winter tyres, the Company is also introducing new studded Nokian Nordman 7 and Nokian Nordman 7 SUV winter tyres. The Nokian Nordman product family offers an alternative to the premium products in terms of the price to quality ratio and supplements Nokian Tyres' product range for different consumer groups. Key markets for both product families are the Nordic countries, Russia, and North America.

10. Changes in Nokian Tyres' management team

On January 18, 2017, Nokian Tyres announced that Mr. Timo Tervolin, Vice President, Strategy and Corporate Development will take over the responsibility for the global Process Development in Nokian Tyres as of 1 February 2017. Mr. Alexej von Bagh, the current Vice President, Process Development will move outside the company.

11. Nokian Tyres plc Performance Share Plan: performance period 2017 and realization of performance period 2016

On February 2, 2017, Nokian Tyres announced that the potential reward from the performance period 2017 will be based on the Nokian Tyres Group´s Net Sales and Operating Profit. The rewards to be paid on the basis of the performance period 2017 correspond to an approximate maximum total of 540,000 Nokian Tyres plc shares, including also the proportion to be paid in cash. During the performance period 2017, the Plan is targeted towards approximately 200 key employees, including the members of the Group's Management Team. The potential reward from the performance period 2017 will be paid partly in the Company's shares and partly in cash in 2018. The shares paid as a reward may not be transferred during an approximately one-year restriction period established for the shares. For shares paid on the basis of the performance period 2017, the restriction period will end on 31 March 2019.

The rewards to be paid in 2017, on the basis of the achievement of the required performance levels set for the performance criteria of the performance period 2016, correspond to a total of 402,875 Nokian Tyres plc shares, including also the proportion to be paid in cash. The Plan was targeted towards 182 key employees, including the members of the Group's Management Team. The shares paid as a reward may not be transferred during an approximately one-year restriction period established for the shares. For shares paid on the basis of the performance period 2016, the restriction period will end on 31 March 2018. The members of the Group's Management Team must hold 25% of the received gross shares until the member's shareholding in the Company equals the member's fixed gross annual salary.

12. Nokian Tyres plc: Managers' transactions

Nokian Tyres announced managers' transactions on February 8, 2017, on February 10, 2017, on March 7, 2017, on March 10, 2017, on March 24, 2017, and on March 27, 2017. Read more: www.nokiantyres.com/company/publications/releases/2017/managementTransactions/.

13. Nokian Tyres plc: Shares subscribed with option rights

On February 9, 2017, Nokian Tyres announced that after November 10, 2016 registered new shares, a total of 14,146 Nokian Tyres plc's shares have been subscribed with the 2013A option rights, and a total of 80 shares with the 2013B option rights. As a result of the share subscriptions, the number of Nokian Tyres plc shares will increase to 135,925,921 shares.

14. Hille Korhonen appointed President and CEO of Nokian Tyres plc

On March 28, 2017, Nokian Tyres announced that the Board of Directors of Nokian Tyres plc has appointed Licentiate of Science (Technology) Hille Korhonen (born 1961) as the new President and Chief Executive Officer of Nokian Tyres plc. She will start at Nokian Tyres on June 1st, 2017. Hille Korhonen has more than 20 years of experience in international consumer business and of leading global industrial operations. Andrei Pantioukhov has acted as Interim President and CEO since January 2017, and will continue in this role until Korhonen assumes her duties as CEO. After June 1st, 2017, Mr. Pantioukhov will continue as the Executive Vice President of Nokian Tyres plc, General Manager, Russian operations and as member of the Group's management team.

MATTERS AFTER THE REVIEW PERIOD

15. Nokian Tyres plc: Managers' transactions

Nokian Tyres announced managers' transactions on April 13, 2017. Read more: www.nokiantyres.com/company/publications/releases/2017/managementTransactions/.

16. Nomination to Nokian Tyres' management team

On April 19, 2017, Nokian Tyres announced that Mr. Frans Westerlund has been appointed Vice President, CIO and Processes. He will join Nokian Tyres plc as a member of the management team on August 1, 2017. Mr. Westerlund will report to the President and CEO. Mr. Teppo Huovila, current Vice President for Quality, Sustainability and ICT will continue in the Company's management team as Vice President, Quality and Sustainability. Process development is currently part of Mr. Timo Tervolin's responsibilities. He will continue in the Company's management team as Vice President, Strategy and Corporate Development. Read more: www.nokiantyres.com/company/news-article/nomination-to-nokian-tyres-management-team-3/.

RISKS, UNCERTAINTY, AND DISPUTES IN THE NEAR FUTURE

The global recovery is expected to continue but political uncertainties could cause serious disruption, additional trade barriers, and affect the company's sales.

In Q1/2017, the company's receivables increased year-over-year following the sales increase in Q1. The tyre inventories are at the planned level. The company follows the development of NWC very closely. At the end of the review period, Russian trade receivables accounted for 47% (42%) of the Group's total trade receivables. The collection rate of 2016 current receivables in Russia was 100%.

Approximately 40% of the Group's net sales in 2017 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. As raw material prices rise, maintaining profitability will depend on the company's ability to raise tyre prices in line with the increasing raw material costs.

The company announced in February 2016 that its practices concerning tyre tests in the past have not always been in line with the sustainable approach of Nokian Tyres. The company emphasizes that its tyres have always been safe and that safety has never been compromised on. There are no court cases in process related to the matter.

More detailed information relating to the risks can be found at www.nokiantyres.com/annual-reports, Financial review 2016, on pages 43–48 and 72–73.

Tax disputes

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

OUTLOOK FOR 2017

The global recovery continues. For 2017 and 2018, growth is expected in all regions of the global economy. The global GDP is estimated to grow by 3.5% in 2017 (3.1% in 2016). The GDP growth estimates for the Nordic countries are from +1.3% to +3.0%, for Europe (including the Nordics) +1.7%, and for the US +2.2%. In Russia, GDP is forecasted to grow by approximately 1–2%.

In 2017, market demand for replacement car tyres is expected to show growth in Central Europe, North America, and the Nordic countries. In Russia, the market is expected to return to growth, but the pace of the recovery is likely to be quite moderate.

The company's replacement tyre market position (sell-in) is expected to improve in 2017 in all key markets. In Russia, the company expects to retain and further strengthen its market leader position in the A+B segments in 2017.

The raw material cost is estimated to increase by approximately 20% in 2017 versus 2016. Price increases have been implemented in all markets, and the full effect of these increases will be seen in the following quarters due to the seasonality of Nokian Tyres' business model.

Nokian Tyres retains a competitive advantage by manufacturing in Russia. 61% of the Russian production was exported in Q1/2017, and the margin between production costs in rubles and export sales in euros has remained quite healthy despite the relative appreciation of the ruble in Q1/2017. Nokian Tyres will invest in 2017 in the expansion of the Vsevolozhsk factory capacity and further improvements in the automation of production. As a result of these investments, the total annual nominal capacity of the Vsevolozhsk factory will increase from the current 15.5 million tyres to 17 million tyres.

Demand in Nokian Heavy Tyres' core products is estimated to remain healthy. The raw material cost increases cause pressure on pricing. Nokian Heavy Tyres' production capacity and delivery capability have improved and, therefore, the sales and EBIT are expected to increase slightly year-over-year.

Vianor (equity-owned) is expected to increase sales, to develop the service business further and to improve operating result in the full year of 2017. Vianor (partners) and other Nokian Tyres' partner channels, such as Nokian Tyres Authorized Dealers (NAD) and the N-Tyre network, will continue to expand.

Nokian Tyres' budget for total investments in 2017 is EUR 190 million (105.6), of which EUR 83 million will be invested in Russia. EUR 78 million is planned to be invested in the Nokia factory and global development projects and the balance goes to Heavy Tyres, sales companies, and the Vianor chain.

The Board has made a principal decision on the investment in the third factory and authorized the management of the Company to sign a Letter of Intent with the respective authorities in the USA. The new factory will be located in Dayton (Rhea County), Tennessee, USA. The annual capacity of the factory will be 4 million tyres with an expansion potential in the future and the total investment amount at this phase is approximately USD 360 million. Construction is scheduled to begin in early 2018, and the first tyres are to be produced in 2020.

Financial guidance (updated)
In 2017, with the current exchange rates, net sales are expected to grow by at least 10% and operating profit is expected to grow by over 5% compared to 2016.

Previous guidance (Feb 2, 2017)
In 2017, with the current exchange rates, net sales and operating profit are expected to grow by at least 5% compared to 2016.

Nokia, May 3, 2017

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 always involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Therefore, future results may even differ significantly from the results expressed in, or implied by, the forward-looking statements.

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This Interim Report 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'.

The interim report figures are unaudited.

NOKIAN TYRES CONSOLIDATED INCOME STATEMENT Million euros	1-3/17	1-3/16	1-12/16	Change %
Net sales	325.9	275.8	1,391.2	18.2
Cost of sales	-176.8	-146.7	-724.2	-20.5
Gross profit	149.1	129.1	667.0	15.5
Other operating income	1.8	1.3	3.9	252.3
Selling and marketing expenses	-72.6	-61.5	-267.6	-18.1
Administration expenses	-13.2	-8.8	-49.4	-49.7
Other operating expenses	-6.3	-9.6	-43.4	6.1
Operating profit	58.9	50.5	310.5	16.6
Financial income	34.4	41.9	140.1	-17.9
Financial expenses	-34.4	-43.9	-151.8	21.7
Profit before tax	58.9	48.5	298.7	21.5
Tax expense (1 (2	-13.6	-8.6	-46.9	-58.1
Profit for the period	45.3	39.9	251.8	13.6
Attributable to:				
Equity holders of the parent	45.3	39.9	251.8	
Non-controlling interest	-	-	-	
Earnings per share from the profit attributable to equity holders of the parent				
basic, euros	0.33	0.30	1.87	12.5
diluted, euros	0.33	0.30	1.86	11.9

CONSOLIDATED OTHER COMPREHENSIVE INCOME Million euros	1-3/17	1-3/16	1-12/16
Profit for the period	45.3	39.9	251.8
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	-	-	-
Cash flow hedges	0.2	-1.6	-0.3
Translation differences on foreign operations (3	39.9	37.5	121.8
Total other comprehensive income for the period, net of tax	40.1	35.9	121.6
Total comprehensive income for the period	85.4	75.8	373.4
Total comprehensive income attributable to:			
Equity holders of the parent	85.4	75.8	373.4
Non-controlling interest	-	-	-

1) Tax expense in 1-12/2016 has been adjusted with EUR 4.9 million according to the tax reassessment decision on years 2007-2010 by the Board of Adjustment.
2) Otherwise tax expense in the consolidated income statement is based on the taxable result for the period.
3) Since the beginning of year 2014 the Group has internal loans that are recognised as net investments in foreign operations in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". The impact in 1-3/17 is EUR 0.2 million, 1-3/16 EUR -8.6 million and 1-12/16 EUR -1.3 million. These internal loans have now been converted to equity in the subsidiaries.

KEY RATIOS	31.3.17	31.3.16	31.12.16	Change %
Equity ratio, %	74.5	74.5	73.8	
Gearing, %	-16.4	-8.5	-19.7	
Equity per share, euro	11.38	9.82	10.75	15.9
Interest-bearing net debt, mill. euros	-253.4	-111.8	-287.4	
Capital expenditure, mill. euros	17.3	19.1	105.6	
Depreciation, mill. euros	23.3	18.9	84.7	
Personnel, average	4,422	4,242	4,433	
Number of shares (million units)				
at the end of period	135.88	134.39	135.68	
in average	135.70	134.39	134.86	
in average, diluted	136.74	134.76	135.56	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Million euros	31.3.17	31.3.16	31.12.16
Non-current assets			
Property, plant and equipment	557.2	498.5	542.3
Goodwill	86.6	80.4	86.5
Other intangible assets	36.1	19.2	37.1
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.7	0.3	0.7
Other receivables	10.8	9.3	10.4
Deferred tax assets	15.7	7.4	12.4
Total non-current assets	707.3	615.2	689.5
Current assets			
Inventories	345.1	302.2	304.3
Trade receivables	443.1	399.4	374.3
Other receivables	101.2	120.8	94.4
Cash and cash equivalents	480.2	333.5	513.2
Total current assets	1,369.6	1,155.9	1,286.2
Total assets	2,076.9	1,771.2	1,975.7
Equity			
Share capital	25.4	25.4	25.4
Share premium	181.4	181.4	181.4
Treasury shares	-6.7	-8.6	-6.7
Translation reserve	-224.2	-348.5	-264.1
Fair value and hedging reserves	-2.9	-4.4	-3.1
Paid-up unrestricted equity reserve	169.3	133.0	168.9
Retained earnings	1,404.5	1,341.2	1,356.6
Non-controlling interest	-	-	-
Total equity	1,546.9	1,319.5	1,458.5
Non-current liabilities			
Deferred tax liabilities	55.4	28.4	50.6
Provisions	0.1	0.2	0.1
Interest-bearing financial liabilities	138.3	200.2	137.0
Other liabilities	1.2	3.1	1.0
Total non-current liabilities	195.1	232.0	188.8
Current liabilities			
Trade payables	84.7	74.2	78.0
Other current payables	158.0	119.2	158.2
Provisions	3.8	2.8	3.5
Interest-bearing financial liabilities	88.5	21.4	88.8
Total current liabilities	335.0	217.7	328.5
Total equity and liabilities	2,076.9	1,771.2	1,975.7

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	1-3/17	1-3/16	1-12/16
Million euros			
Profit for the period	45.3	39.9	251.8
Adjustments for			
Depreciation, amortisation and impairment	19.5	18.9	100.5
Financial income and expenses	0.0	2.0	11.8
Gains and losses on sale of intangible assets, other changes	-3.1	-0.1	-7.9
Income Taxes	13.6	8.6	46.9
Cash flow before changes in working capital	75.3	69.2	403.2
Changes in working capital			
Current receivables, non-interest-bearing, increase (-) / decrease (+)	-51.8	-38.3	46.3
Inventories, increase (-) / decrease (+)	-36.5	-25.3	-9.8
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	4.6	-7.3	6.5
Changes in working capital	-83.8	-71.0	43.0
Financial items and taxes			
Interest and other financial items, received	0.7	1.1	15.5
Interest and other financial items, paid	-21.4	-16.8	-27.8
Dividens received	0.0	0.0	0.0
Income taxes paid	-10.9	-43.8	-69.4
Financial items and taxes	-31.6	-59.5	-81.7
Cash flow from operating activities (A)	-40.1	-61.4	364.4
Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	-17.3	-17.2	-101.5
Proceeds from sale of property, plant and equipment and intangible assets	0.6	0.1	0.6
Acquisitions of Group companies	-	-	-11.7
Change in non-controlling interest	-	-	-
Acquisitions of other investments	0.0	0.0	-0.4
Cash flows from investing activities (B)	-16.7	-17.1	-113.0
Cash flow from financing activities:			
Proceeds from issue of share capital	0.4	0.0	35.9
Purchase of treasury shares	-	-	-
Change in current financial receivables, increase (-) / decrease (+)	30.4	-10.8	28.6
Change in non-current financial receivables, increase (-) / decrease (+)	1.0	-1.8	5.1
Change in current financial borrowings, increase (+) / decrease (-)	-1.9	-1.9	48.9
Change in non-current financial borrowings, increase (+) / decrease (-)	-6.9	-2.5	-85.1
Dividens received	0.0	0.0	0.5
Dividends paid	-	-	-202.0
Cash flow from financing activities (C)	23.1	-17.0	-168.1
Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)	-33.7	-95.5	83.2
Cash and cash equivalents at the beginning of the period	513.2	429.3	429.3
Effect of exchange rate fluctuations on cash held	0.6	-0.2	0.8
Cash and cash equivalents at the end of the period	480.2	333.5	513.2

Based on the annulled and later renewed tax reassessment decisions on years 2007-2010 the financial items and taxes contain tax increases of EUR 51.0 million paid in 1-3/16.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Equity attributable to equity holders of the parent								
Million euros	A	B	C	D	E	F	G	H	I
Equity, 1 Jan 2016	25.4	181.4	-8.6	-385.9	-2.9	133.0	1,299.2	-	1,241.6
Profit for the period							39.9		39.9
Other comprehensive income, net of tax:									
Cash flow hedges					-1.6				-1.6
Net investment hedge									-
Translation differences				37.5					37.5
Total comprehensive income for the period				37.5	-1.6	-	39.9		75.8
Dividends paid									-
Exercised warrants									-
Acquisition of treasury shares									-
Share-based payments							2.1		2.1
Total transactions with owners for the period							2.1		2.1
Equity, 31 Mar 2016	25.4	181.4	-8.6	-348.5	-4.4	133.0	1,341.2	-	1,319.5
Equity, 1 Jan 2017	25.4	181.4	-6.7	-264.1	-3.1	168.9	1,356.6	-	1,458.5
Profit for the period							45.3		45.3
Other comprehensive income, net of tax:									
Cash flow hedges					0.2				0.2
Net investment hedge									-
Translation differences				39.9					39.9
Total comprehensive income for the period				39.9	0.2		45.3		85.4
Dividends paid									-
Exercised warrants						0.4			0.4
Acquisition of treasury shares									-
Share-based payments							2.6		2.6
Total transactions with owners for the period						0.4	2.6		3.0
Equity, 31 Mar 2017	25.4	181.4	-6.7	-224.2	-2.9	169.3	1,404.5	-	1,546.9

SEGMENT INFORMATION Million euros	1-3/17	1-3/16	1-12/16	Change %
Net sales				
Passenger car tyres	248.0	202.4	981.1	22.5
Heavy tyres	39.8	37.6	155.3	5.9
Vianor	56.3	53.8	334.8	4.7
Other operations	1.9	2.6	13.7	-28.4
Eliminations	-20.1	-20.6	-93.8	2.5
Total	325.9	275.8	1,391.2	18.2
Operating result				
Passenger car tyres	75.9	62.3	305.8	21.9
Heavy tyres	5.7	8.9	28.2	-36.2
Vianor	-15.8	-14.7	-8.1	-7.7
Other operations	-5.1	-2.5	-14.6	-104.7
Eliminations	-1.8	-3.5	-0.8	48.9
Total	58.9	50.5	310.5	16.6
Operating result, % of net sales				
Passenger car tyres	30.6	30.8	31.2	
Heavy tyres	14.3	23.7	18.2	
Vianor	-28.1	-27.3	-2.4	
Total	18.1	18.3	22.3	

CONTINGENT LIABILITIES Million euros	31.3.17	31.3.16	31.12.16
FOR OWN DEBT			
Mortgages	1.0	1.0	1.0
Pledged assets	4.6	4.8	4.7
ON BEHALF OF OTHER COMPANIES			
Guarantees	0.4	0.4	0.4
OTHER OWN COMMITMENTS			
Guarantees	10.9	8.6	10.9
Leasing and rent commitments	70.3	81.0	71.2
Purchase commitments	1.1	1.6	-

DERIVATIVE FINANCIAL INSTRUMENTS	31.3.17	31.3.16	31.12.16
Million euros			
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Notional amount	100.0	100.0	100.0
Fair value	-1.9	-3.0	-2.2
FOREIGN CURRENCY DERIVATIVES			
Currency forwards			
Notional amount	503.9	525.2	545.3
Fair value	8.4	4.2	8.2
Currency options, purchased			
Notional amount	17.9	-	-
Fair value	0.3	-	-
Currency options, written			
Notional amount	35.8	-	-
Fair value	-0.2	-	-
Interest rate and currency swaps			
Notional amount	87.5	87.5	87.5
Fair value	8.6	25.4	5.8
ELECTRICITY DERIVATIVES			
Electricity forwards			
Notional amount	7.0	6.3	7.7
Fair value	-1.2	-2.9	-0.7

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

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

North America: Canada, USA.

Core markets: Nordic countries, Russia and the CIS.

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Nokian Tyres published its interim report January−March 2017 on May 3, 2017 at 8.00 a.m. Finnish time.

The result presentation for analysts and media will be held on May 3, 2017 at 10.00 a.m. Finnish time at Hotel Kämp (address Pohjoisesplanadi 29, Helsinki). Interim President and CEO Andrei Pantioukhov will present the interim report and answer questions from the audience.

The presentation can be listened to via audiocast over the Internet at www.nokiantyres.com/resultinfo-Q1-2017 starting at 10 a.m.

The event can also be attended via conference call. Please dial in 5-10 minutes before the beginning of the event:
FI: +358 9 81710495
UK: +44 20 31940552
SE: +46 8 56642702
US: +1 855 7161597

An audio file of the event will be available on the company's website later same day.

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Additional Q&A conference call regarding Q1 result will be held on May 3, 2017 at 6.00 p.m. Finnish time. Please dial in 5-10 minutes before the beginning of the event:
FI: +358 9 81710495
UK: +44 20 31940552
SE: +46 8 56642702
US: +1 855 7161597

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Half Year Financial Report January–June 2017 will be published on August 8, 2017. Releases and company information will be available at: www.nokiantyres.com/company/investors/.

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Nokian Tyres plc

Antti-Jussi Tähtinen, Vice President, Marketing and Communications

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