



nokian[®]
TYRES

Annual Report | 2015



Drive safely!

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

The specialist in demanding conditions

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

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

Nokian Hakkapeliitta has been the leading brand of winter tyres for more than 80 years. In the Nordic countries and Russia, market and price leadership derive from Nokian Tyres' key sources

of competitive advantage: an image of quality based on innovations, state-of-the-art technology, decades of customer experience, a strong distributor network and logistical expertise.

Central Europe and North America are also important market areas in which we are seeking profitable growth.

We mainly sell our products in the aftermarket. Nokian Tyres group includes the Vianor tyre retail chain with wholesale and retail business in Nokian Tyres' primary markets. Nokian Tyres has factories in Finland and Russia. In 2005–2015, we invested more than EUR 1 billion in our factories, whose productivity and product quality are top-notch in the industry.

In 2015, the company's Net sales were approximately EUR 1,4 billion, and it employed 4,400 people at the end of year. Nokian Tyres' stock is listed on the Nasdaq Helsinki.

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Key figures, IFRS

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

Year 2015 in brief

27% Summer tyres' share of total sales.

25% growth in North American sales.

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

93% Share of consumers who would recommend Nokian Tyres.

120 new Vianor outlets.

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

82% growth in SUV summer tyres sales.

Sales developed positively in the Nordic countries and Central Europe.

13% Growth in sales of tyres for forest machinery.

Personnel reductions in the Nokia factory.



Challenges continue in Russia, growth on other markets

Dear reader,

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

Just before this, we reached a rare milestone at our location in Nokia in Finland, and this is one of the finest, most positive pieces of news in our company's history: an agreement with shop stewards and personnel to improve flexibility. To thank our personnel for their adaptability, we promise not to make any redundancies or lay-offs for production- or finance-related reasons for two-and-a-half years.

The Nokian factory plays a major role in product development. In the future, we aim to succeed in tests and our customers' own comparisons when they use our products.

2015

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

Despite these challenges, our organization and selected strategy showed their strength. Profitability has remained strong throughout the economic crisis in Russia and we had particular success in the second half of 2015, when we reversed a declining

three-year trend in profitability and more recent negative sales figures, returning the business to growth.

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

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

Targeting growth

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

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

At the same time, our distribution network continued its uninterrupted growth. During the year, our distribution family was joined by 120 new Vianor outlets and over 400 new NAD/N-Tyre outlets. We now have a presence in

26 countries. The net sales of our Vianor unit increased in 2015 in comparison with the previous year. However, Vianor suffered from the lack of a real winter and missed its earnings targets.

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

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

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

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

Nokia, March 15, 2016

Ari Lehtoranta



Hakkapeliitta Way – Road to success

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

Our strategic focus

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

1 Demanding conditions

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

2 Innovative core competence

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

3 The most satisfied customers

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

4 Select markets

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

Key strategic objectives

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

Market leadership and the best processes in the industry

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

Profitable growth faster than the market

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

Satisfied stakeholders

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

Must-Win Battles

– Key challenges to overcome

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

Must-Win Battles in 2016–2018

WE MUST:

1

BE THE FIRST CHOICE FOR CONSUMERS

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

2

BE PREFERRED PARTNER FOR CUSTOMERS

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

3

MANUFACTURE WORLD'S BEST TYRES AND SERVICES

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

4

REACH STRONG GROWTH IN CENTRAL EUROPE AND NORTH AMERICA

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

Values guide and support our strategy

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

ENTREPRENEURSHIP

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

INVENTIVENESS

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

TEAM SPIRIT

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

Business in the tyre sector

The annual value of tyres sales world-wide is approximately USD 170 billion. In recent years, the strongest growth has been in the markets for high-speed summer tyres and SUV tyres. Demand is growing most rapidly in Asia, and Asian manufacturers are claiming an increasing share of the global tyre market. Sales of car tyres to consumers are affected by sales of new cars, purchasing power trends, and overall consumer confidence. For winter tyres, weather conditions also play a role: in more wintry, slippery conditions, there is greater need for new winter tyres. Demand for heavy-duty tyres and truck tyres is cyclical, following trends in machinery manufacturing and the willingness of companies to invest.



Distribution network and logistics at the core of seasonal expertise

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

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

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

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

Productivity will improve with the help of investments

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

Digitization will change services and distribution structures

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

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



Importance of market areas equalizing

Nordic countries

A strong position in the home market

Every year, approximately 10 million car and van tyres are sold in Finland, Sweden, and Norway. Approximately 6 million of these are winter tyres. Legislation in these countries mandates the use of winter tyres during the winter months. The Nordic countries accounted for approximately 44% of Nokian Tyres' sales in 2015. The company is the market and price leader in the area. Nokian Tyres is the only local manufacturer and it has an extensive distribution network, including its own chain of 321 Vianor tyre outlets.



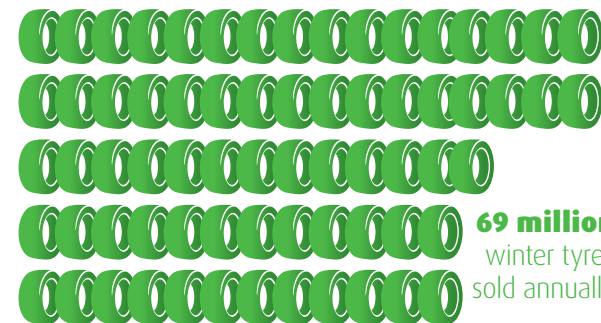
6 million
winter tyres
sold annually

Central Europe

Determined development in the role of challenger

On European markets, excluding the Nordic countries, approximately 250 million car and van tyres were sold in 2015. Central Europe is the world's largest market area for winter tyres – 11 times the size of the Nordic market. Approximately 69 million winter tyres were sold in 2015. As tyre markets are expanding and winter tyre legislation is becoming more widespread, Central Europe has become one of Nokian Tyres' most important growth areas. Nokian Tyres tailors its tyres to address the needs of consumers in different market areas. The non-studded winter tyres designed for the winter conditions of Central and Eastern Europe and the summer tyres that are sold in the area differ clearly from the products sold by the company in its core markets. The company sells tyres in more than 30 European countries in addition to the Nordic countries, Russia, and the C.I.S. Central Europe accounted for approximately 26% of Nokian Tyres' sales in 2015. The company has logistics and

service centers in the area to serve the main markets at any time of the day. Growth in the retail channel was led by Vianor, which had a network of 337 outlets in the area at the end of 2015. The Nokian Tyres Authorized Dealer (NAD) network encompassed 1,239 stores in 19 European countries and in China.



69 million
winter tyres
sold annually



Russia

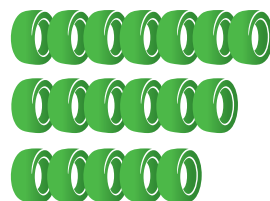
Major potential, weak economic situation

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

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

Nokian Tyres is the market leader in the A and B segments and the largest manufacturer in Russia. In 2015,

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



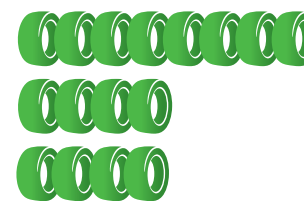
18 million
winter tyres
sold annually

North America

Growth through additional investment

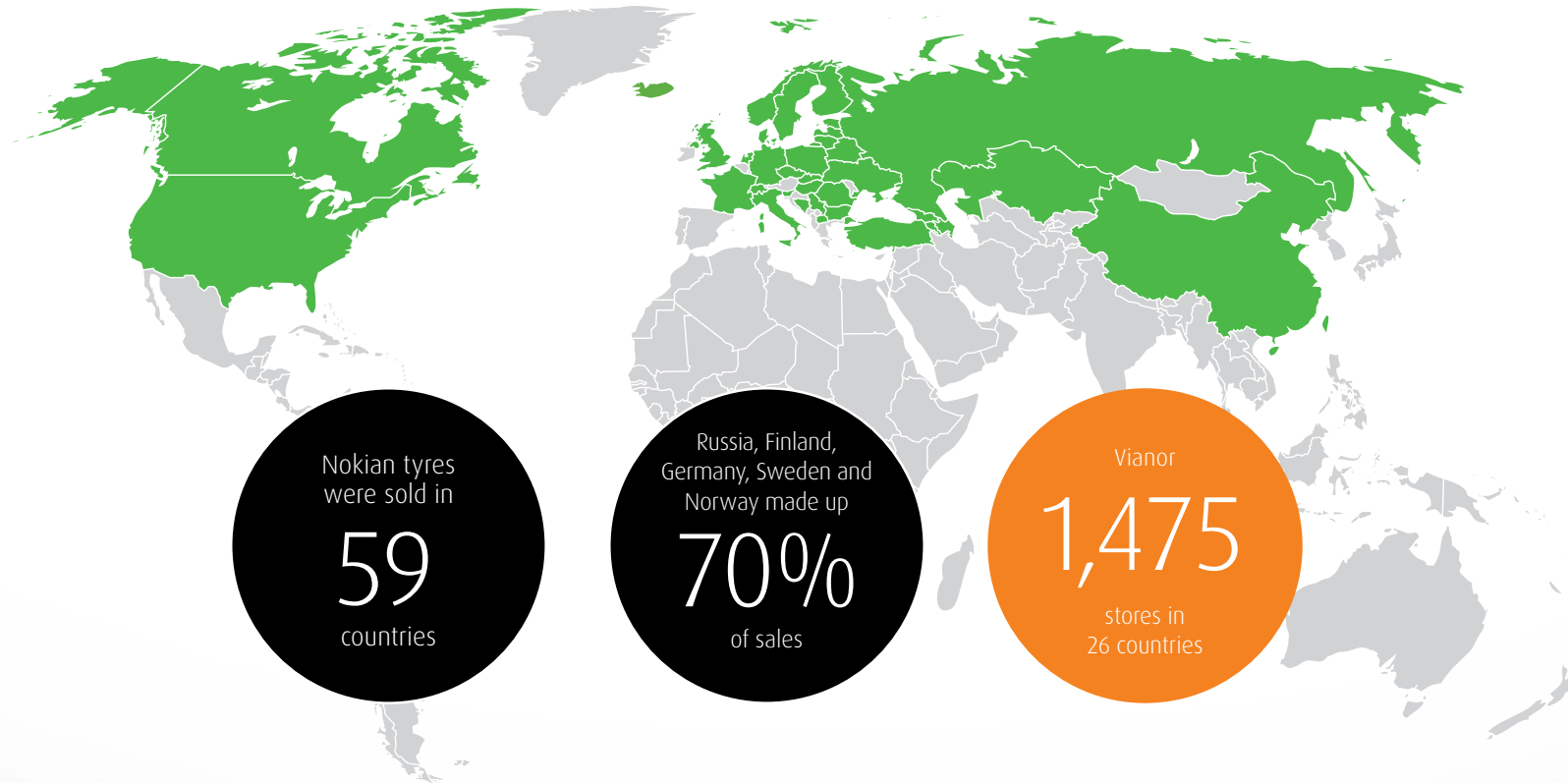
In North America, Nokian Tyres' strongest areas are Canada and the snow belt in the U.S.A. In these areas the yearly demand of winter tyres is approximately 16 million pieces. Total yearly tyre sales in the U.S.A and Canada, including summer and all-season tyres, is over 250 million pieces.

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



16 million
winter tyres
sold annually

Sales and distribution



Target markets

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

Vianor

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

Nokian Tyres Authorized Dealers

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

Russia

The Hakka Guarantee retailers and other retail partners who work closely with Nokian Tyres in Russia form a wide network including tyre retailers, Vianor outlets, car dealerships, and online stores. Furthermore, our N-Tyre partner network comprises 102 outlets in Russia and CIS countries.



Vianor



Perhaps the world's most comfortable pit stop

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

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

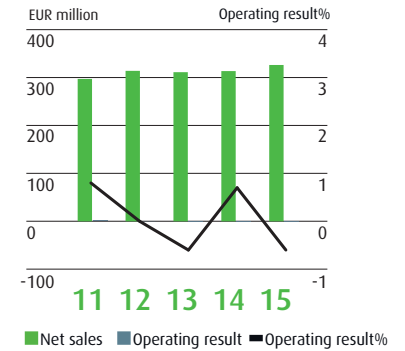
profitability.

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

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

VIANOR

Net sales, Operating result and Operating result%



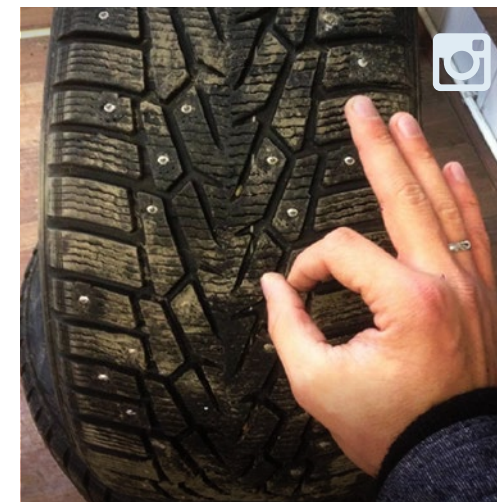
	2011	2012	2013	2014	2015
Net sales	298.4	315.3	312.5	314.8	327.6
Operating result	2.3	0.0	-1.8	2.1	-1.9
Operating result%	0.8	0.0	-0.6	0.7	-0.6

Focus on user experience

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



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



“ Ice driving on frozen lake today. Norway



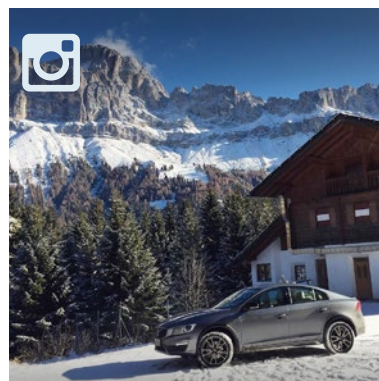
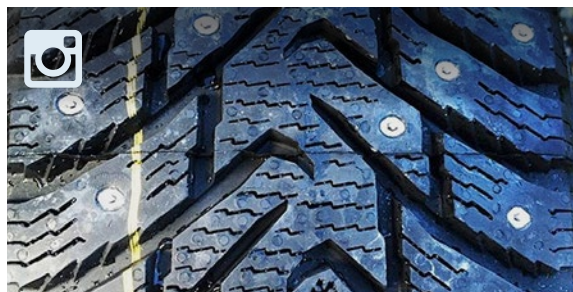


“ Nokian Tyres products has turned my SUV into a tank. I run these year round in NE Ohio. There is no situation that these tyres can't make better, excellent water handling capacity.

Ohio, USA

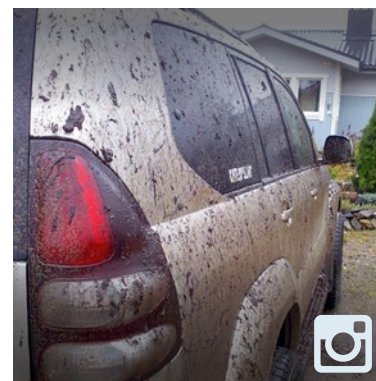
“ Nokian Tyres summer tyres work like a dream. I wouldn't trade them for any other tyres.

Poland



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

Germany



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

Ohio, USA



Improved awareness, reputation, and sales

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



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

Number one choice for consumers

To attain a strong market position in Central Europe and North America, Nokian Tyres must significantly raise awareness of the company and its tyre brands among local motorists. Awareness will be raised by increasing the amount of marketing – particularly in digital channels and on social media. Brand value and desirability

will increase over the long term with investments in consumer research and improving the customer experience at every point of contact. This will also support Nokian Tyres' objective of developing as a company with the highest customer satisfaction and loyalty in the sector.

First-choice partner for business customers

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

Which tyres fit my car?

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



facebook.com/nokiantyres



youtube.com/NokianTyresCom



twitter.com/nokiantyrescom



linkedin.com/company/nokian-tyres-plc

Success requires good leadership

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

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

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





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

www.nokiantyres.com/company/sustainability/

An excellent culture of safety requires long-term work

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

Good leadership increases well-being and is a competitive advantage

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

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

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

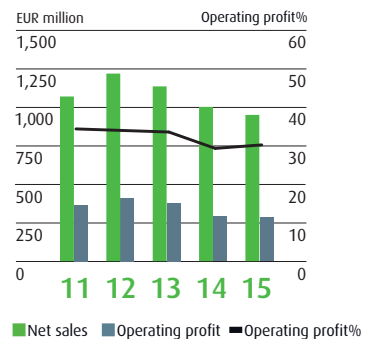


Nokian Passenger Car Tyres



NOKIAN PASSENGER CAR TYRES

Net sales, Operating profit and Operating profit%



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

Top products for demanding conditions

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

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

Growth in the west compensated for difficulties in Russia

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

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

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



The world's best known winter tyre brand since 1936

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



Competitiveness of the product selection continues to be excellent

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



Nokian Heavy Tyres

A strong year from the pioneer in special tyres

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

Several new products joined the forestry tyres range and the complete renewal started in 2014 continued in 2015 for forestry tyres. The main products are CTL (cut-to-length) tyres for forest

machinery, the Forest King F2 and Forest King TRS 2. Sales of forestry tyres continued its strong growth in 2015.

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

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

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

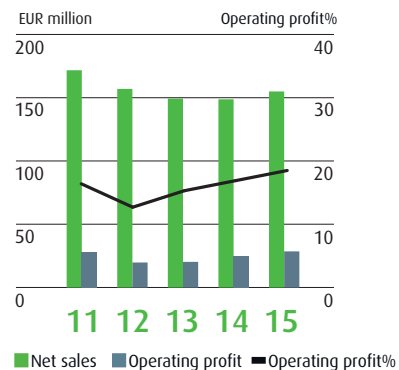
Distribution strengthening continued in Central Europe with main focus in Germany and France. In this large but very competitive market good results were achieved in terms of sales of forestry and TRI products.

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

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

NOKIAN HEAVY TYRES

Net sales, Operating profit and Operating profit%



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



Nordic expertise

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



Unique development work

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

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

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

Sustainable safety

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

State-of-the-art laboratory equipment and testing devices enable for an even more effective comparison of the characteristics of rubber compounds, tread patterns, and tyre structures. The addition of canola oil to rubber compounds provides winter tyres with strength to resist tearing, as well as better grip on snow and ice. Pine tree

oil, which is used in summer tyres, improves tread durability. Aramid fiber, which is used in the rubber compounds for the sidewalls of SUV tyres, reinforces the tyre's sidewall, making it better able to withstand impacts and punctures.

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

Nokian WR SUV 3

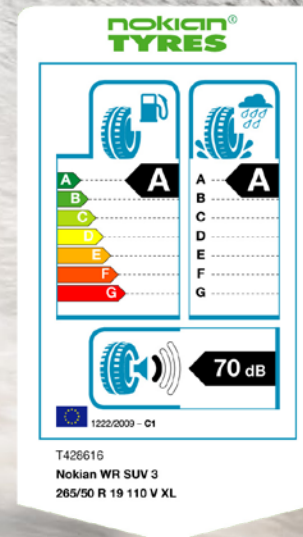
The world's first AA-rated winter tyre

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

The Nokian Twin Trac SUV Silica rubber compound designed for heavy-duty SUV use and the Nokian Tyres Aramid Sidewall technology ensure that drivers in the varying winter conditions of Central Europe can enjoy

the best snow grip, wet grip, and fuel economy in the industry, as well as a precise driving feel combined with superb durability. The same technology will also be used in other winter tyres in the future.

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



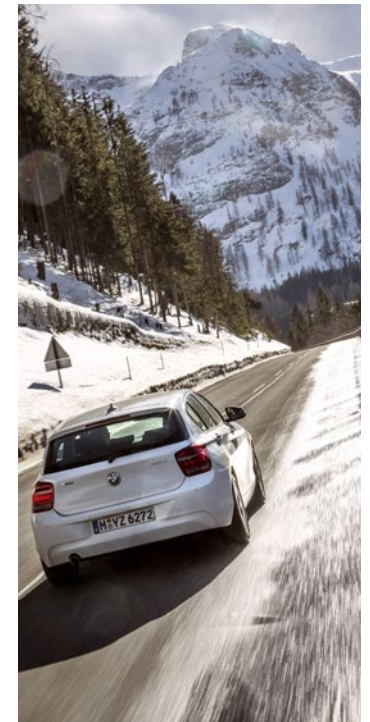


High-quality tailoring for different markets

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

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

The comprehensive product range is being rapidly renewed new products account for at least one quarter of annual net sales. New products help the company to strengthen its position and maintain the desired pricing and profit margins in a highly competitive market. We spend more than half of our R&D resources on testing our products.



Nokian Hakkapeliitta TRI

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

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

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

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

Nokian Tyres
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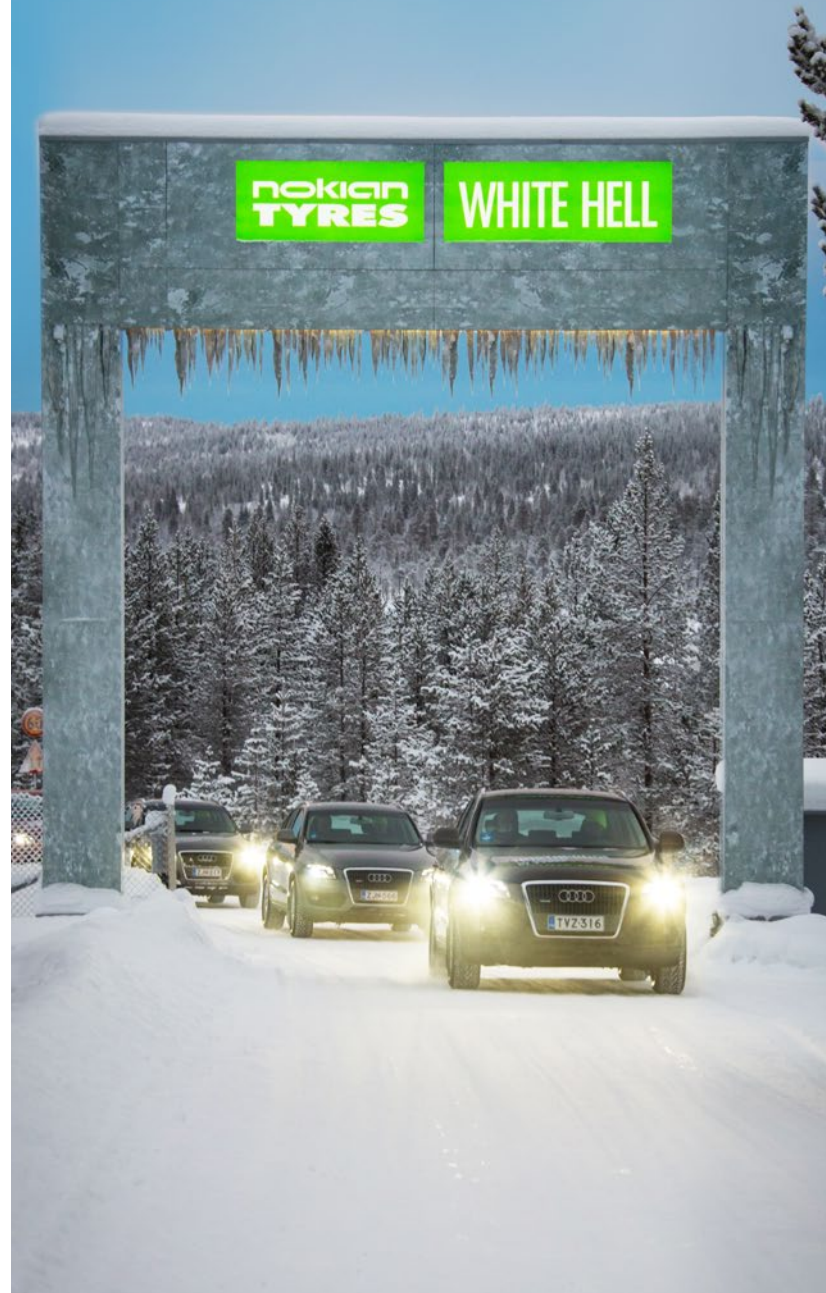
Testing in extreme conditions

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

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

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

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



Continuous renewal

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

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

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

Reliable transportation, whatever the circumstances

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

Nokian WR D4

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

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

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

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

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



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

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

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





Ever-expanding range of premium summer tyres for Central Europe

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

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

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



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

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

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

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

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

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





Tested reliability for professional use

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

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

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

The Nokian Forest King TRS 2 is a forestry tyre targeted specifically for the Central European market. The TRS 2 is a traction tyre and the "Super Shovel" design of the lugs has proven itself to be highly effective at self-cleaning with excellent grip. The tyre has a very high load-bearing capacity and unbeatable grip on steep slopes. The tyre can also

be used with tracks as required. Both forest tyres have a very square shape structure to prevent sidewall punctures and damaging impacts.

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

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

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

enabling easier studding. When studded, even higher grip levels can be achieved.

A truck tyre for Central European markets

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

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

Safety and driving comfort all year round

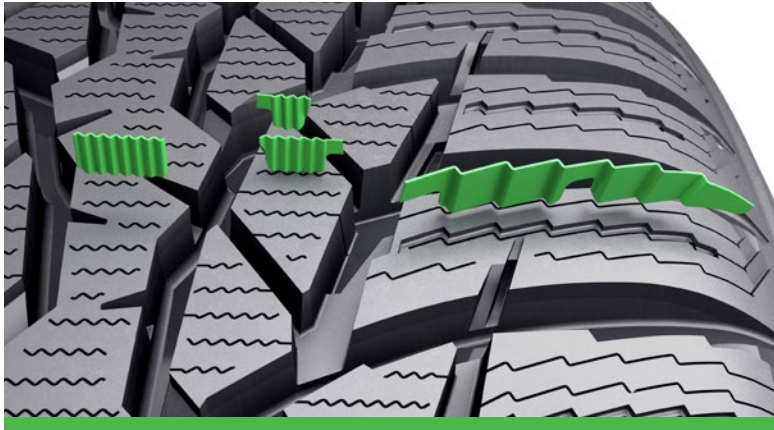
Better winter grip

Nokian Block Optimized Sipe System

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

Nokian WR D4

▶ Watch the video: <https://youtu.be/hVtAQcSP9m4>



Effective aquaplaning prevention

Nokian Tyres Coanda Technology

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

Nokian eLine 2 | Nokian Hakka Green 2





Increased driving comfort

Silent Sidewall technology

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

Nokian WR D4

Nokian eLine 2

Nokian Hakka Green 2

Nokian eNTYRE 2.0

Nokian Rotiiva HT



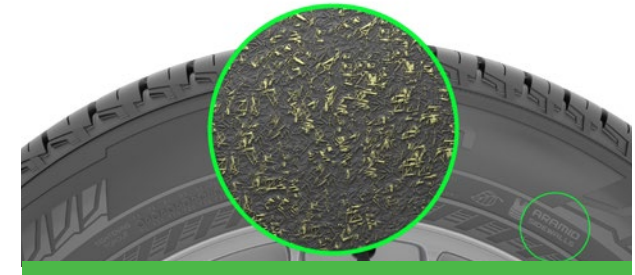
Safety and comfort in use

The next-generation Driving Safety Indicator (DSI)

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

Nokian eLine 2

Nokian Hakka Green 2 (sizes in class AA)



More durability



Nokian Tyres Aramid Sidewall technology

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

Nokian Hakkapeliitta 8 SUV

Nokian Hakkapeliitta R2 SUV

Nokian WR SUV 3

Nokian Weatherproof SUV

Nokian Hakka Black SUV

Nokian Hakka Blue SUV

Nokian zLine SUV

Nokian Line SUV

▶ Watch the video: <https://youtu.be/P2yjARS7frM>

Ability to increase manufacturing volumes as markets grow

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

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

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

Tyres are delivered from Vsevolozhsk to over 30 countries and Nokian Tyres is Russia's largest exporter of consumer goods. Using shift

arrangements, the annual capacity of the factories in Finland and Russia is more than 20 million tyres. Manufacturing in Russia represents a competitive advantage for Nokian Tyres. Tyre production costs are considerably lower in Russia than in Finland and other western countries.

Approximately 70% of the production in Russia is exported, and the margin between euro-denominated export income and production costs paid in rubles has increased along with the depreciation of the ruble. If demand begins to increase, the company's production capacity in Russia enables production to be quickly ramped up to address the demand without requiring major investments. In 2015, approximately 80% of the company's passenger car tyres were manufactured in Russia.

The operations in Russia have also been supported by tax agreements based on investment volumes, as well as the factory being situated within tariff barriers. In addition to having its own production plants, the company has contract manufacturers with factories that are able to meet Nokian Tyres' strict quality requirements. In 2015, contract manufacturing accounted for approximately 3% of the company's tyre sales.



over 20 mill.

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

Responsibility

Developments in various areas of sustainability

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

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



Value-based management

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

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

Top quality – our common goal

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



Work for the benefit of safety and the environment

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

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

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

Find out more in our comprehensive corporate responsibility report, which will be published online in Spring 2016.

<http://www.nokiantyres.com/company/sustainability/>

Board of Directors

31 December 2015

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



Petteri Walldén

Year of birth: 1948.

Master of Science (Engineering). Member of the Board since 2005 and Chairman. Chairman of the Nomination and Remuneration Committee.

Independent of the company.

Shares: 17,130 pcs.



Raimo Lind

Year of birth: 1953.

Master of Science (Economics).

Member of the Board since 2014.

Chairman of the Audit Committee.

Independent of the company.

Shares: 1,393 pcs.



Hille Korhonen

Year of birth: 1961.

Licentiate of Science (Technology).

President and CEO, Alko Inc.

Member of the Board since 2006.

Member of the Nomination and Remuneration Committee.

Independent of the company.

Shares: 7,264 pcs.



Inka Mero

Year of birth: 1976.

Master of Economics.

Co-Founder and Chairwoman, KoppiCatch Ltd.

Member of the Board since 2014.

Member of the Audit Committee.

Independent of the company.

Shares: 1,393 pcs.



Tapio Kuula

Year of birth: 1957.

M.Sc. (Econ), M.Sc. (Electrical Engineering),

B.Sc. (Econ).

Member of the Board since 2015.

Member of the Audit Committee.

Independent of the company.

Shares: 5,696 pcs.



Hannu Penttilä

Year of birth: 1953.

Master of Laws.

Member of the Board since 1999. Member of the Nomination and Remuneration Committee.

Independent of the company.

Shares: 8,892 pcs.



Esa Eronen

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

Antti-Jussi Tähtinen

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

Heikki Mattsson

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

Ville Nurmi

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

Teppo Huovila

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

Pontus Stenberg

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

Andrei Pantioukhov

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

Manu Salmi

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

Ari Lehtoranta

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

Anne Leskelä

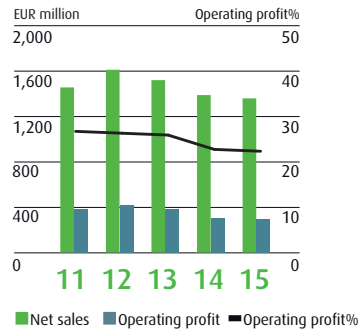
Born 1962
Vice President,
Finance and Control & IR.
Master of Economic Sciences.
With the company since 1997.

Alexej von Bagh

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

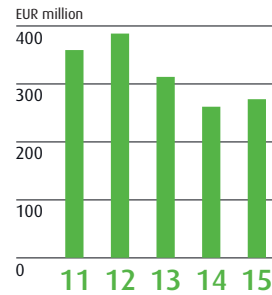
Look at details of Management at <https://www.nokiantyres.com/company/investors/corporate-governance/the-groups-management-team/>

Net sales, Operating profit and Operating profit%



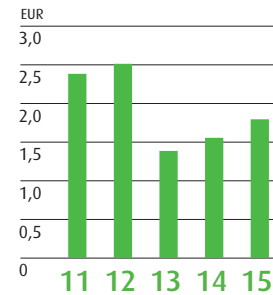
	2011	2012	2013	2014	2015
Net sales	1,456.8	1,612.4	1,521.0	1,389.1	1,360.1
Operating profit	380.1	415.0	385.5	308.7	296.0
Operating profit%	26.1	25.7	25.3	22.2	21.8

Profit before tax



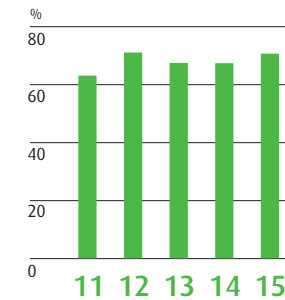
	2011	2012	2013	2014	2015
EUR million	359.2	387.7	312.8	261.2	274.2

Earnings per share



	2011	2012	2013	2014	2015
EUR	2.39	2.52	1.39	1.56	1.80

Equity ratio



	2011	2012	2013	2014	2015
%	63.2	71.2	67.6	67.5	70.8

Net sales by market area

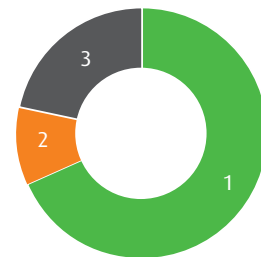
Share of Group's sales, %



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

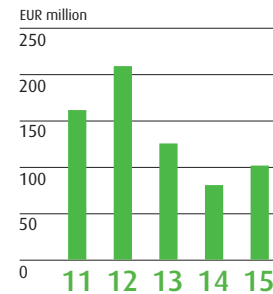
Net sales by business unit

Share of Group's sales, %



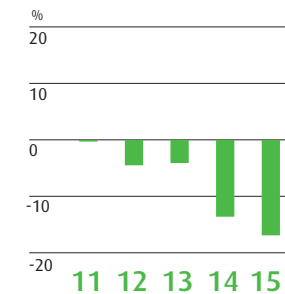
	2014	2015
1. Passenger Car Tyres	68%	66%
2. Heavy Tyres	10%	11%
3. Vianor	22%	23%

Gross investments



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

Gearing



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

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

EUR million 1.1.–31.12.	Notes	2015	2014
CONSOLIDATED OTHER COMPREHENSIVE INCOME			
Result for the period		240.7	208.4
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax			
Gains/Losses from hedge of net investment in foreign operations	(10)	0.0	0.0
Cash flow hedges	(10)	-0.3	-1.9
Translation differences on foreign operations ⁽⁴⁾		-55.2	-202.1
Total other comprehensive income for the period, net of tax		-55.5	-204.0
Total comprehensive income for the period		185.2	4.4
Total comprehensive income attributable to:			
Equity holders of the parent		185.2	4.4
Non-controlling interest		-	0.0

¹⁾ Financial expenses in 2015 have been adjusted with EUR 20.2 million reversal of interests on back taxes as the tax reassessment decisions on years 2007-2010 were annulled and returned to the Tax Administration for reprocessing. Additionally financial expenses in 2015 contain EUR 19.2 million expensed punitive interest for reprocessed tax reassessment decisions on years 2007-2010. Financial expenses in 2014 contain EUR 1.6 million expensed punitive interest for tax reassessment decisions on years 2008-2012 of a group company.

²⁾ Tax expense in 2015 has been adjusted with EUR 80.1 million as the tax reassessment decisions on years 2007-2010 were annulled and returned to the Tax Administration for reprocessing. Additionally tax expense in 2015 contains EUR 74.9 million expensed additional taxes with punitive tax increases for reprocessed tax reassessment decisions on years 2007-2010. Tax expense in 2014 contains EUR 9.4 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2008-2012 of a group company.

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

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

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

EUR million 31.12.	Notes	2015	2014
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent (22)(23)			
Share capital		25.4	25.4
Share premium		181.4	181.4
Treasury shares		-8.6	-8.6
Translation reserve		-385.9	-330.7
Fair value and hedging reserves		-2.9	-2.6
Paid-up unrestricted equity reserve		133.0	100.3
Retained earnings		1,299.2	1,243.2
		1,241.6	1,208.5
Non-controlling interest			
		-	-
Total equity		1,241.6	1,208.5
Liabilities			
Non-current liabilities (24)			
Deferred tax liabilities	(18)	25.7	26.7
Provisions	(25)	0.5	0.1
Interest-bearing financial liabilities	(26)(27)(29)	199.7	274.7
Other liabilities		2.1	5.1
		228.0	306.5
Current liabilities			
Trade and other payables	(28)	242.4	259.9
Current tax liabilities		20.0	18.7
Provisions	(25)	2.8	2.8
Interest-bearing financial liabilities	(26)(27)(29)	19.9	0.6
		285.1	282.0
Total liabilities	(1)	513.2	588.5
Total equity and liabilities		1,754.8	1,797.0

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

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

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

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

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

Annual General Meeting 2016

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

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

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

Read more:

www.nokiantyres.com/annualgeneralmeeting2016

Dividend payment

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

Share register

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

Financial reports

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

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

Nokian Tyres publishes its Interim Reports, Financial Statements Bulletin and Annual Report at www.nokiantyres.com/company/investors/

Principles of investor relations

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

The Management of Nokian Tyres is strongly committed to serving the capital markets. The company's President & CEO and CFO are the main parties dealing with and answering questions from analysts and investors.

Nokian Tyres adopts at least a three-week period of silence before the publication of financial information and at least a six week period of silence before the publication of the Financial Statements Bulletin.

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

Questions from analysts and investors:

Ari Lehtoranta, President and CEO
tel. +358 10 401 7733
email: ir@nokiantyres.com

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

Request for meetings and visits:

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

Investor information:

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

Anne Aittoniemi, Communications & IPR Specialist
tel. +358 10 401 7641

email: info@nokiantyres.com
Fax: +358 10 401 7799

Address:

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

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



Annual Report and Financial Review 2015

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

