



nokian  
TYRES

nokian<sup>®</sup>  
TYRES

Annual Report | 2014

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# Drive safely!

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



# Market leader in the Nordic countries and Russia

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Nokian Tyres is the only tyre manufacturer in the world focusing on products and services that facilitate safe transport in Nordic conditions. Its innovative tyres for passenger cars, trucks, and heavy machinery are mainly marketed in areas that are home to snow, forest, and demanding driving conditions due to changing seasons. The company develops its products with an emphasis on sustainable safety and eco-friendliness throughout the products' life cycle.

Nokian Hakkapeliitta is the leading winter tyre brand in the Nordic countries and Russia. Nokian Tyres' position as the market and price leader stems from the company's key competitive advantages: a solid reputation for quality formed by decades of user expe-

riences and independent test results, strong distribution network, and good logistics competence.

We mainly sell our products in the after-market. Our group includes the Vianor tyre retail chain, which offers wholesale and retail services in Nokian Tyres' primary markets. Nokian Tyres has factories in Finland and Russia. In 2005-2014, we invested more than €1 billion in our factories, whose productivity and product quality are by far the best in the industry.

In 2014, the company's revenue was approximately EUR 1,4 billion, and it employed 4,200 people at the end of the year. Nokian Tyres' stock is listed on the NASDAQ Helsinki.

# Highlights of the year

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30%

The new Nokian Hakkapeliitta R2 model for electric cars has the world's lowest rolling resistance for a winter tyre – up to 30% lower than its competitors.

93%

93% of users who posted a product review would recommend Nokian tyres to others.

50+ test  
wins

Nokian car tyres scored more than 50 test wins in the Nordic countries, Russia, and Central Europe

490 new  
stores

Our NAD network and the new N-Tyre chain grew by a total of 490 stores.

# The difficult financial situation in Russia impacted us

# We will return to growth through our strengthened product portfolio and extended distribution network

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Dear reader,

Our activities last year were considerably affected by the financial situation in Russia. The weakened economy, a strong decline in oil prices, and the swift devaluation of the ruble led to a change in buyer behavior and a substantial decline in sales in Russia and the rest of the CIS. The financial uncertainty in the world is resuming; in addition to Russia, especially in Europe. The US is one of the few drivers of global growth, while China is seeking new ways to grow. Overall, Asia continues to retain substantial growth potential.

Despite the weak market, we strengthened our market leadership in Russia. The delivery volumes remained nearly at the previous year's level. However, the decline in the euro value of sales was substantial. We were able to compensate this by improving our market position in Central Europe and especially in North America. The Central European market was negatively affected by the record-breaking winter temperatures. In the Nordic countries, our year was once again successful.





The average price of our products fell due to changes in the value of a number of currencies and the development of the sales mix in Russia and the CIS. On the other hand, the devaluation of the ruble helped us in terms of costs, as did the significant decrease in the prices of raw materials. However, the latter made pricing globally more challenging, and was one factor that pulled our Average Selling Price downwards. In total, our production remained at the previous year's level and the productivity of our factories continued to increase.

Our profits fell, but we still remained profitable and produced strong cash flow. The company has no net liabilities and it has a strong balance. The quality of our activities is at a good level, and I know we can continue to improve our market positions in 2015.

## Looking forward, stronger than ever

The challenges we have faced have only strengthened our determination to move forward. Our product range continues to receive praise from the press and our customers, our distribution network continues to grow and our own organization further develops every day. We believe in strong growth in North America and Central Europe, while strengthening our positions in the difficult Russian and CIS markets and holding our strong position in the Nordic countries.

Our products dominated the winter tyre tests in the automotive media, securing nearly all of the most important test wins in the Nordic countries and Russia. Additionally, I want to emphasize the Central European winter tyre tests; success in these tests paves the way for increasing our awareness and sales in these markets. Our new summer tyre range also increasingly scored test wins in our core markets and in Central Europe in the spring of 2014.

In September 2014, Nokian Tyres introduced five new SUV summer tyres and renewed its van tyre range. In December, we launched a winter tyre for electric cars, the world's first with an A class rolling resistance rating. The private and professional users of our products are enjoying safer driving than ever before. At the same time, their driving comfort is at a high level and less energy is being consumed. Our product range is now better than ever. This year, this will be seen in our customer satisfaction, sales, and market shares.

We continued expanding our distribution network in 2014 by opening 149 new Vianor outlets; the total number grew to 1,355 establishments in 27 countries. In Russia, the Nokian Tyres' distribution partner network consists of 3,600 tyre and vehicle dealerships. Our new and lighter partnership model, the Nokian Tyres Authorized Dealer (NAD) also grew; a total of 869 cooperation contracts have been signed in Europe and China. The number of Vianor and NAD outlets will continue to grow in 2015. In Russia and Kazakhstan, we have launched the N-Tyre chain totaling 53 sales outlets. Strong distribution is one of our most important competitive advantages.

The Vianor stores owned by our group achieved nearly EUR 315 million in revenue and turned a profit. Gradually, we will be increasing the share of car service in our activities, which will allow us to even out the workload over the year. Excellent customer service combined with professional skill will support our growth and profitability improvement into the future.

The heavy tyres market, which is very important to us, had a positive year. Especially the forest segment grew, and we were able to strengthen our position. The winter tyre legislation is improving and it now covers heavy traffic in many of our target countries. In Finland and Russia, however, the legislators still have some work to do. The revenue and profitability of our heavy tyres business unit improved commendably during the second half of the year, since we were able to start utilizing our new machine investments and increase our production volumes.

Capacity increases were not required for passenger car tyres, which allowed us to keep investments at a low level. This improved our cash flow. We are also prepared to respond to market growth by quickly increasing production without making large investments.

In times of financial uncertainty, it is especially important to focus on the key issues: our customers and the further development of our personnel. I wish to thank all of our customers for their faith in us, and for the excitement that they have expressed toward our extended product range. I also want to thank our personnel for their excellent efforts in this challenging environment. We will continue our work in the Hakkapeliitta spirit and in very close cooperation with our customers. This, and the continuous improvement of our competence and activities, will ensure that our success story continues.

Ari Lehtoranta

# The plunge of the ruble weakened revenue

## Positive development on the Western markets

*Nokian Tyres improved its market share in all the main markets. The company has the strongest brand, price position, and distribution in its core markets, the Nordic countries and Russia.*

### The year 2014

The company's car tyre sales volumes followed the 2013 level, and the market share improved in all the main markets. In general, the Western markets are developing positively, and Nokian Tyres grew clearly in North America. In the East, the Russian and Ukrainian crisis, the strong decline in oil prices, and the depreciation of local currencies in relation to the global currencies caused financial difficulties in Russia and the CIS countries. The business environment was challenging, and the revenue of Nokian Tyres decreased 8.7% as a result of the devaluation of sales currencies, consumers' shift towards cheaper segment B tyres in Russia, and price reductions due to lower raw material costs. The currencies' negative impact on our revenue was nearly EUR 100 million.

The business of Vianor and Heavy Tyres developed positively. The company's distribution network expanded as planned.

Profitability decreased but remained on a fairly good level, with the operating profit percentage at 22.2%. A 16.5% decrease in raw material costs provided a benefit of EUR 64 million compared to the previous year. Margins were further supported by decreased fixed costs and improved productivity.

Nokian Tyres had a strong cash flow of EUR 458.3 million. The company has a strong balance and it had no net liabilities at the end of the year. The dividend remained at €1.45 per share.

Nokian Tyres made significant improvements to its product offering by introducing five new SUV summer tyres and renewing its van tyre range. The company's products had a record year in magazine tests with more than 50 wins in summer and winter tyre tests in the Nordic countries, Russia, and Central Europe. The high quality of the company's products is generally recognized, which supports the positive development of its price position.

### Key figures, IFRS

EUR million	2014	2013	change%
Net sales	1,389.1	1,521.0	-8.7
Operating profit	308.7	385.5*	-19.9
% net sales	22.2	25.3	
Profit before tax	261.2	312.8	-16.5
% of net sale	18.8	20.6	
Return on capital employed (ROI), %	19.2	21.8	
Return on equity (ROE), %	16.0	13.0	
Interest bearing net debt	-164.6	-56.4	-191.9
% of net sales	-11.8	-0.9	
Gross investments	80.6	125.6	-35.8
% of net sales	5.8	8.3	
Net cash flow from operating activities	323.4	317.6	1.8
Earnings/share, EUR	1.56	1.39	12.9
Cash flow per share (CFPS), EUR	2.43	2.39	1.4
Shareholders equity per share, EUR	9.07	10.45	-13.1
Equity ratio, %	67.5	67.6	
Personnel, average during the year	4,272	4,194	

\*) Incl. bad debt provision of 14.3 M€



# Hakkapeliitta Way - Road to success

*We exist, so that our customers could have the world's safest and best-quality tyres. Our values are the basic foundations for all activities, and the focusing strategy provides a direction for the choices that we make. The values and strategy become the goals that we aim at, and that will continue to bring us international growth and success. We build success together by working hard and developing all our operations and products.*



# Our strategic focus

## 1. Northern conditions

We are the only tyre manufacturer in the world focusing on customer needs and products specific to northern conditions. We market our products in regions where there are snow, forests and demanding driving conditions caused by changing seasons.

## 3. Replacement markets

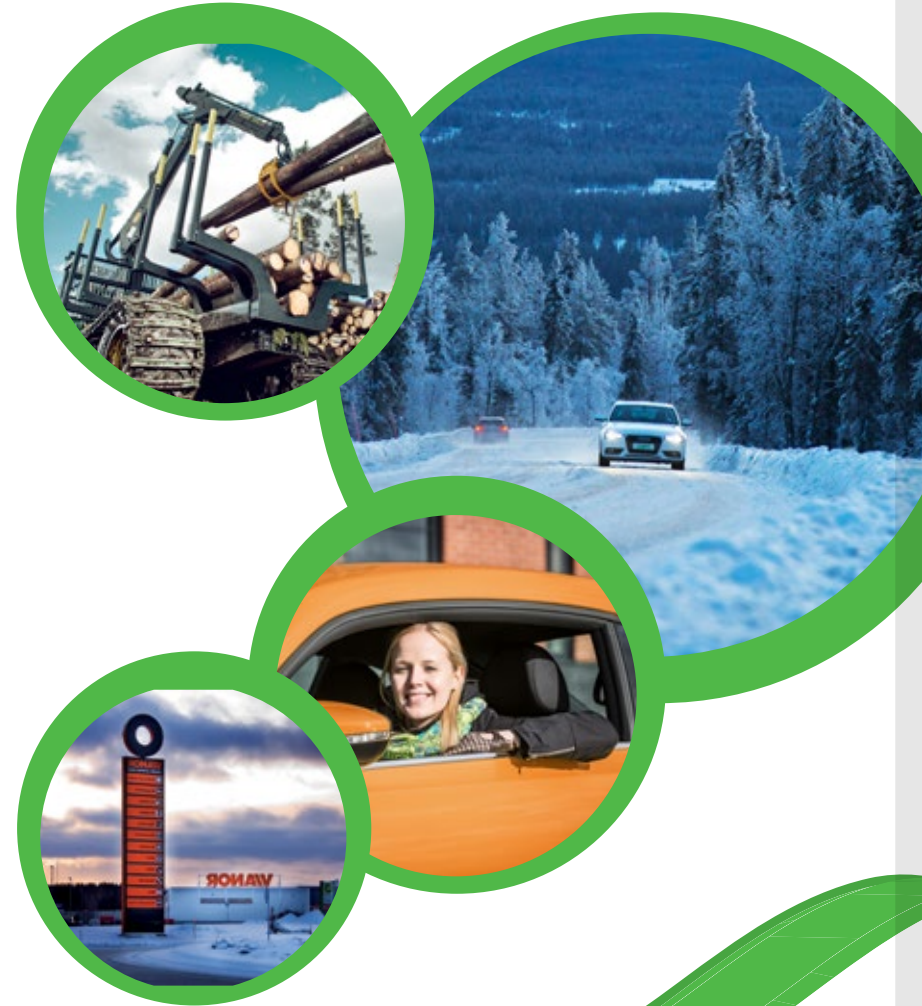
All our Nokian-branded passenger car tyres and approximately 60% of our heavy tyres are sold in replacement markets through special tyre outlets, car dealers and other companies engaged in the tyre trade.

## 2. Narrow product segments

Our special expertise in northern conditions creates added value for our customers. We utilise our special competence in narrow product segments like passenger car winter tyres and forestry tyres. Our other main products include light truck and SUV tyres, winter tyres for trucks as well as harbour and mining machinery tyres.

## 4. Efficient distribution

The Vianor chain is spearheading the growth of our company. Direct contact with the consumer gives us valuable information about the wishes and needs of end-users. Efficient distribution ensures successful season management as well as management of possible risks. We want the users of our products and services to be the most satisfied customers in the world.



# Key strategic objectives

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*Our focusing strategy creates goals that enable our company to be the best in the industry.*

## Number one in premium tyres in core markets

- We are the market leader in premium tyres in the Nordic countries, Russia and other CIS countries
- We are the forerunner in our core products and we have a globally strong position in niche segments

## Personnel satisfaction

- Nokian Tyres is a respected and attractive employer
- Our personnel are highly skilled and motivated
- Our personnel have the desire to continuously develop their personal skills and our company

## The best processes

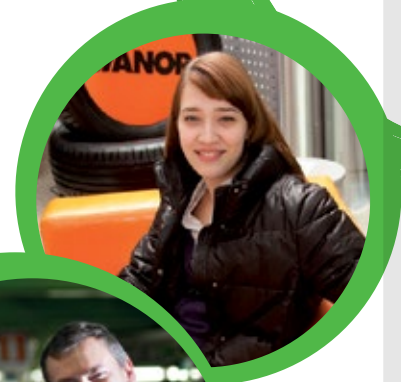
- Our key processes and our business network are efficient and represent the cutting edge in the industry
- Our organization is lean and fixed costs grow slower than sales
- We uphold the principles of the responsible citizen in all of our activities

## Customer satisfaction

- We know the end users of our tyres, their needs and wishes. We offer our customers only the best
- We have the industry's best services, the highest customer satisfaction and loyalty

## Shareholder satisfaction

- We are the most profitable tyre manufacturer and tyre distributor in the industry with good share price development and dividend policy
- We grow our company and profits through increasing sales, expanding distribution, strong pricing position and high productivity



# Values guide and support our strategy

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



## Team spirit = Will to fight

We work in an atmosphere of genuine joy and action. We work as a team, relying on each other and supporting each other, offering constructive feedback when needed. We embrace differences, and we also encourage our team members to individually pursue winning performances.

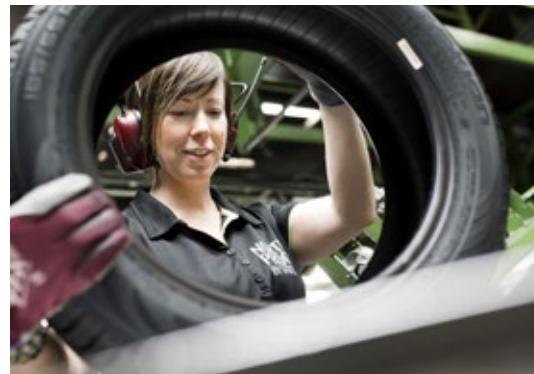
## Entrepreneurship = Will to win

We thirst for profit, 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 = Will to survive

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 are driven by a will to learn, develop and create something new.





Sustainability

# Present in our everyday work

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*The cornerstones for our actions are the high quality, safety, and eco-friendliness of our products as well as the responsible development of our company in all areas of business. For us, responsibility means creating safe and eco-friendly products, using state-of-the-art processes, profitable growth of our company, and the well-being and safety of our personnel.*

In 2014, we further developed our Corporate Sustainability Report in accordance with the GRI (Global Reporting Initiative) guidelines and published the renewed report on our website. Regular reporting further increases the transparency and openness of our operation, and offers a good channel to track our activities and the effects of our actions on the outside world.



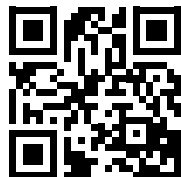
## Responsibility through value-based management

Throughout our company history, environmental and safety aspects have been at the core of our product development, manufacture, and marketing. We take care of our personnel, customers, the economy, and environment while focusing on the safety and quality of our products. In addition to adhering to the laws and regulations, we have tried to exceed the requirements set for our activities by doing things better than required, and by simultaneously setting an example for the other companies in the tyre industry.

We have grouped the areas of our responsibility under five categories, which describe the main themes of managing and developing responsibility in our company

- **Hakkapeliitta Way** is the theme for the principles of responsibility that are seen throughout our operations. It is connected to our company's strategic goals and vision.
- **World on Wheels** comprises our work on product safety and quality as well as our impact on traffic safety and the future of the rubber industry via expert organizations.
- **Economy** focuses on the economic impacts of our operations.
- **People** form the community around us: our employees and subcontractors around the world.
- **Planet** describes our environmental footprint.

Read more about value-based management and what is important to us!  
<http://bit.ly/17MjaRA>



## Top quality is everyone's business

EHSQ issues – such as quality management, environmental protection, well-being at work, safety management, and protecting property – are managed at the group level in our company. We use managed, effective, and carefully monitored development, procurement, and production processes for ensuring the high quality of our products. We all want to perform our duties as well as possible and contribute to the premium quality of our products and services.



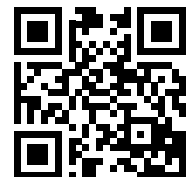
In 2014, we continued our efforts to improve the quality of our products and operations even further. For example, we improved the traceability of individual tyres from the raw materials used until when the tyres are shipped out. Our objective is to record all the information that there is about a tyre and its production stages thereby improving quality assurance. We use different surveys to track and anticipate the needs of our customers, and we want to provide each one an excellent customer and user experience from every aspect.

## Safer work and a healthier environment

We aim at managing the environmental impact of our products throughout their life cycle and addressing the safety and quality aspects of our operations in a comprehensive and systematic manner. We strongly focus on the eco-friendliness of our products and processes. In line with the product life cycle approach, we pay attention to the environmental aspects all the way from raw material purchases to the utilization of used tyres. A good example of improving our operations is the incineration plant that we installed in our Nokia factory at the end of the year for processing VOC emissions. The incineration plant processes VOC emissions from the manufacture of heavy tyres and retreading materials, which significantly reduces emissions into the atmosphere.

We promote both product and occupational safety through risk management, continuous improvement of our processes, and new investments. In 2014, we continued to successfully reduce the amount of occupational accidents: accident frequency decreased by 15% throughout the group compared to the previous year. We clearly communicate and discuss safety visibly, which has made our personnel more active, for example in reporting deviations at earlier stages. In the fall, the management carried out its first safety walk in our Nokia factory, making safety observations and talking to employees about attitudes toward safety. In the future, the management will carry out regular safety walks in our factories in Nokia and Vsevolozhsk. We will continue to develop our safety culture throughout the group in 2015. We build our company's success in a responsible way together with our more than 4,000 employees internationally.

Read more about our environmental and responsibility matters in our Corporate Sustainability Report online!  
<http://bit.ly/1EmdBq3>





# Good leadership improves well-being and gives a competitive edge

Employee well-being, excellent performance and successful business require good leadership that is aimed at creating a result-oriented and positive working community. We at Nokian Tyres use systematic leadership to promote the competence development, well-being, and equal treatment of our committed, motivated, and professional staff.

During 2014, we clarified human resource management and put more emphasis on supervisor work and communication. The results from our Drive personnel survey acted as the basis for our development work, and our goal is to achieve a working community that is even more functional and safer than before and that has a higher will to win.

## Working to improve activities and well-being

The renewed personnel survey achieved a response rate of 80%, which also tells us that our staff wants to actively participate in the development of our working community. The results indicate that commitment, leadership, and performance in our company are at a higher level than in the other reference organizations. Our staff thought that the values and goals of our company are worth aiming for, and that our corporate social responsibility issues are well managed. It is also important for business that our staff strongly believes in our products and services and considers them to be of high quality. The results also show that they were willing to recommend our company as an employer.

The internal inspection of communications processes and clarifying leadership were selected as areas for improvement. We want to take these actions in order to ensure that leadership and supervisor work are of high quality and suited to our needs. At the end of the year, we started a development project for leadership and supervisor work; it will define good leadership in our company at the level of principles and practical activities.

Well-being in our company consists of four areas: the physical, mental, cognitive, and social. We firmly believe that by developing our leadership and activities, and by advancing the different issues, we can increase security, commitment, productivity, and well-being. The internal entrepreneurship, collaborative understanding, and activity among our personnel all serve to support competence development, profitable growth, and strategic implementation. In our company, everyone has an opportunity for further growth and personal development.

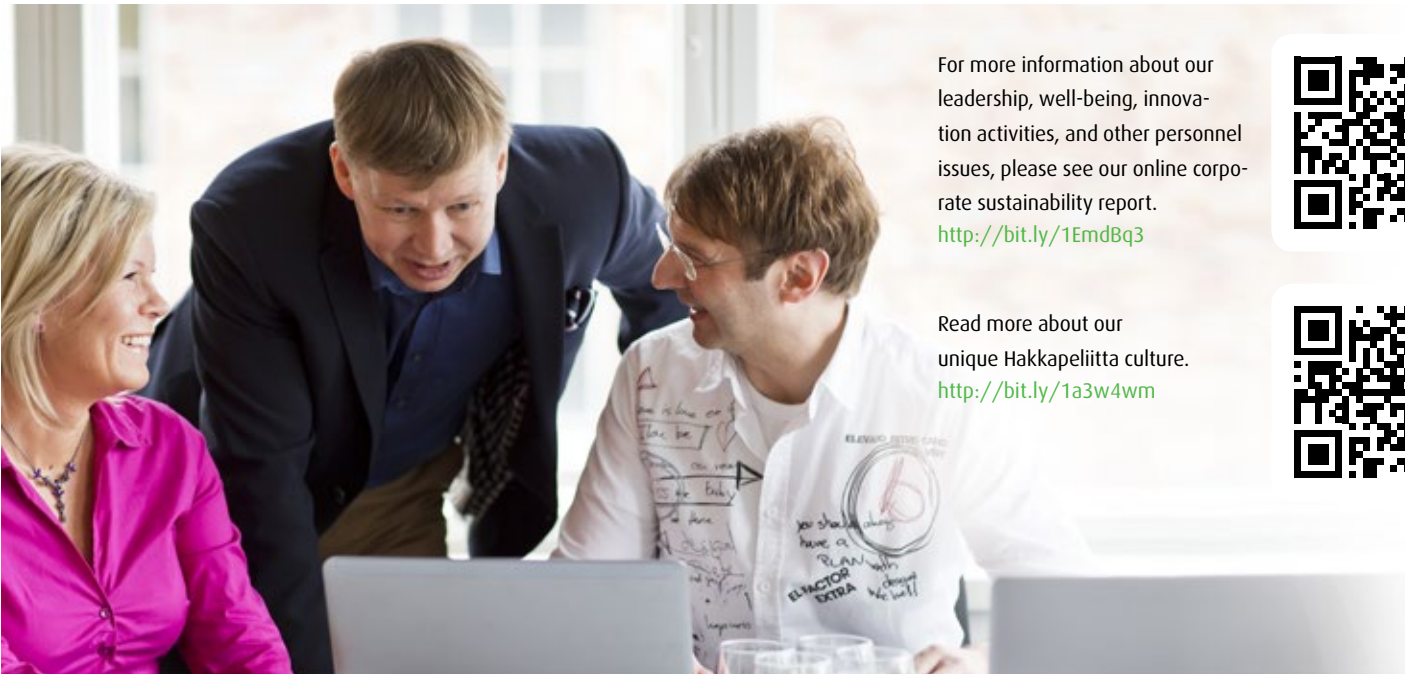
For more information about our leadership, well-being, innovation activities, and other personnel issues, please see our online corporate sustainability report.

<http://bit.ly/1EmdBq3>



Read more about our unique Hakkapeliitta culture.

<http://bit.ly/1a3w4wm>





# Business in the tyre industry

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*The value of global tyre sales is nearly USD 190 billion. We have seen the strongest growth in the markets for winter tyres, summer tyres with a high speed rating, and SUV tyres. There is a statutory obligation to use winter tyres in the Nordic countries and, in recent years, similar regulations have spread to new geographical areas.*

The key factors that affect the consumer sales of passenger car tyres are the sales volumes of new cars, development of purchasing power, and consumer confidence. Winter tyre sales are also affected by the weather conditions: the more wintry and slippery the conditions, the greater the need for new winter tyres. Tyre manufacturers' sales to distributors are also affected by the distributors' remaining tyre stock and the price of financing.

The demand for heavy and truck tyres varies in cycles that follow the trends of machinery manufacture and businesses' general investments.

## Tyre seasons are critical for succeeding in Nordic conditions

One special characteristic of Nokian Tyres' core market is that the sales of passenger car tyres are strongly built around two seasons. We sell most of our summer tyres to consumers a few weeks before and after Easter. Consumer sales of winter tyres peak between September and November depending on the weather conditions: we sell some 30% of our winter tyres in the first 10 days after the first snowfall. Predicting sales and production several months in advance is a demanding task, as tyre manufacturers typically offer more than a thousand different combinations of tyre models and sizes. Our extensive distribution network and effective logistics and information systems play a key role during the busy peak seasons.



30%

of our winter tyres are sold in  
the first 10 days after  
the first snowfall

## High utilization and productivity support profitability

Due to logistics and other business reasons, tyre manufacturers usually establish local factories in their most significant markets. Payroll and energy costs vary by country but raw material costs are generally on the same level globally. The most important raw materials include natural rubber, synthetic rubber, filler substances (such as soot), plies and cables, and various chemicals.

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

## A strong brand guarantees a high price position

The tyres on the market are divided into two or three segments by their price depending on the market. The manufacturers of premium or segment A tyres emphasize the improved road safety, comfort, and environmental aspects of higher quality in their marketing and communication, whereas segment B tyres are only manufactured for consumers looking for the lowest purchase price. Distributors typically offer their customers alternatives from all the price ranges.

In the tyre industry, the regional market leader is usually also the price leader. Pricing power is increased by a strong brand, product reputation, reliability of distribution, and success in objective tyre tests by the automotive media.



# Select markets for special products

## Russia

### Potential as well as risks

Russia is a large market with an estimated 2.5 million new cars and 39 million car and van tyres sold in 2014. The factors that affect tyre demand especially in Russia are GDP development, which follows the price of oil, and the interest rates for car financing. The Russian economy was in turmoil in 2014 due to the crisis in Ukraine and Crimea and the strong decline in oil prices, which resulted in zero GDP growth. The weakened household purchasing power caused a shift of sales from premium products to segment B tyres.

Winter tyres make up two thirds of aftermarket tyre sales. There is no winter tyre legislation in Russia, but the climate conditions in Nokian Tyres' operating region warrant the use of winter tyres during the winter months. Nokian Tyres is the market leader and largest manufacturer of segment A and B tyres in Russia. Our total sales in Russia and the CIS countries in 2014 amounted to EUR 386.7 million, or 26% of the total sales of the Nokian Tyres Group. Fluctuation of the ruble exchange rates made it challenging for Nokian Tyres and other international companies to secure and optimize their financial result.



**39 mill.**  
sold passenger  
and van tyres  
per year

Nokian Tyres has an extensive distribution network in Russia. By the end of 2014, the Hakka Guarantee network and other retail partners who work closely with Nokian Tyres in Russia comprised of 3,600 tyre retailers, Vianor outlets, car dealerships, and online stores.

The company's strong brands, expanding distribution network, and the location of its factories behind Russian tariff walls give Nokian Tyres a significant competitive edge on the market.





## The Nordic countries

Stable development continued



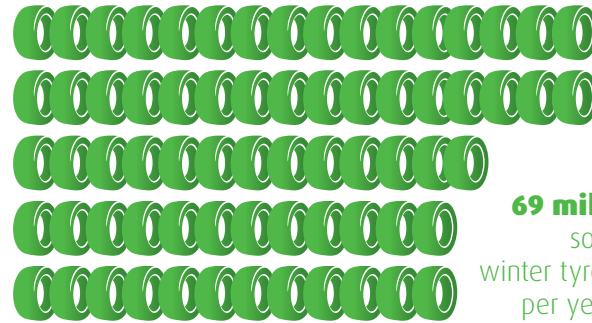
**6 mill.**  
sold winter  
tyres per  
year

Approximately 10 million car and van tyres are sold each year in Finland, Sweden, and Norway. Some 6 million of these are winter tyres. Generally, the market grows 1–3% per year, and there are approximately 80 competing brands. The legislation in these countries requires the use of winter tyres during the winter months.

The Nordic countries accounted for approximately 40% of Nokian Tyres' sales in 2014. Nokian Tyres is the market and price leader and the only local manufacturer in the region. The company has an extensive distribution network, including its own Vianor tyre chain that comprises 294 outlets.

## Central Europe

The largest winter tyre market



**69 mill.**  
sold  
winter tyres  
per year

Approximately 230 million car and van tyres were sold in 2014 in the European market, excluding the Nordic countries. Central Europe is globally the largest winter tyre market – 12 times larger compared to the Nordic countries. Approximately 69 million winter tyres were sold in this region, and the winter tyre segment is growing faster than the total market.

The expanding tyre markets and the adoption of winter tyre legislation in more countries have made Central Europe one of the most important growth areas for Nokian Tyres. Nokian Tyres tailors its products to suit the needs of consumers in different markets. Our summer tyres and non-studded winter tyres that are designed for the Central and Eastern European winter conditions are considerably different from the products that we sell in our core markets. We sell tyres to 32 European countries in addition to the Nordic countries, Russia, and the CIS countries. Central Europe accounted for some 24% of Nokian Tyres' sales in 2014.

The Ejpovice logistics and service center serves the main markets around the clock. The expansion of the retail channel was spearheaded by Vianor, with a total of 288 partner outlets in the area by the end of 2014. The Nokian Tyres Authorized Dealer (NAD) network comprises 811 outlets in 14 European countries.

## North America

Focusing on the winter tyre niche



In North America, Nokian Tyres focuses on Canada and the US snowbelt region. There, the market potential for winter tyres is twofold compared to the Nordic countries. Canadian winter tyre legislation supports the growth of demand.

The Vianor chain has 69 outlets  
in New England.

Nokian Tyres has a strong brand and a solid reputation for quality in the North American regions where winter tyres are used. In select areas, we make exclusive agreements with distributors. The Vianor chain has 69 outlets in New England.

# Nokian Passenger Car Tyres



## Premium tyres carefully tailored for customers' needs

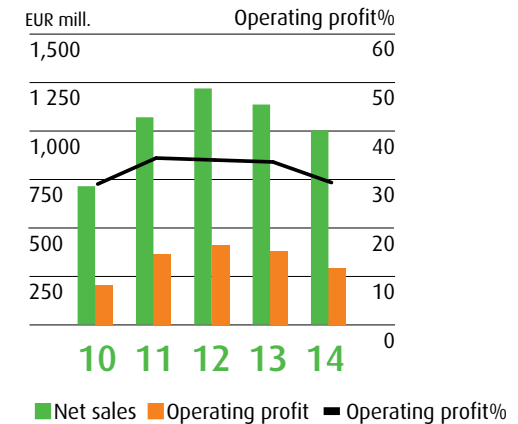
The Nokian Passenger Car Tyres unit develops, manufactures, and markets summer and winter tyres for passenger cars and delivery trucks as well as SUVs. The key products are studded and non-studded winter tyres and SUV tyres. These are the fastest growing product segments in the tyre industry, and also with the highest prices. Nokian Tyres' most important brands are Nokian Hakkapeliitta, Nokian Hakka, and Nokian Nordman.

Product development takes place mainly in Finland. Tyres are produced in the company's own factories in Nokia, Finland and Vsevolozhsk, Russia and sold in the aftermarket. Our main markets are the Nordic countries, Russia and the other CIS countries, the rest of Europe, and North America.



### NOKIAN PASSENGER CAR TYRES

Net sales, Operating profit and Operating profit%



	2010	2011	2012	2013	2014
<b>Net sales</b>	714.7	1,071.1	1,220.1	1,137.0	1,003.2
<b>Operating profit</b>	205.5	365.1	410.8	378.5	292.2
<b>Operating profit%</b>	28.8	34.1	33.7	33.3	29.1

## The problems between Russia and Ukraine affected our 2014 revenue, but we strengthened our market position even further

The revenue of Nokian Passenger Car Tyres grew in the Nordic countries and Central Europe, amounting to more than €1 billion. Tyre sales volumes followed the previous year's level, but our revenue suffered from the strong devaluation of the currencies in Russia and the CIS countries, and from the Ukrainian crisis.

Nokian Tyres is the market and price leader in the Nordic countries, Russia and the CIS countries. Its business is growing in the Central European and North American premium market. In 2014, we

grew our market share in all our main markets. Winter tyres amounted to 79% of the unit's 2014 sales volume.

The combined annual output of our Finnish and Russian factories exceeded 20 million tyres, with shift arrangements. In 2014, we did not utilize our full production capacity but, compared to the previous year, we improved our production volume (pc) and productivity (kg/mh) by 4.3% and 5.1%, respectively. In 2014, 80% (82%) of Nokian car tyres (pcs) were manufactured in our Russian factories.

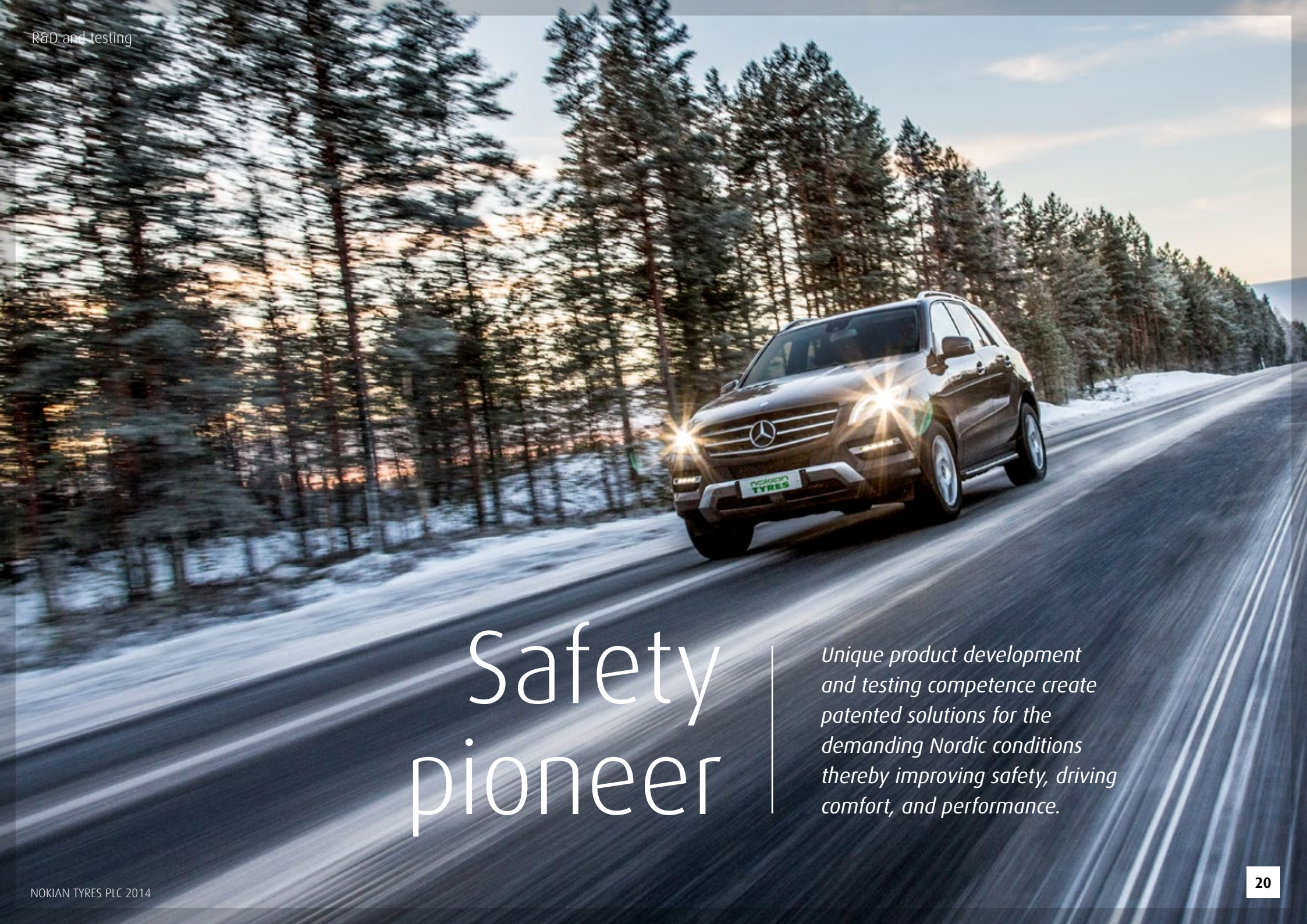
## With more than 50 test wins, our product range is more competitive than ever

In the fall of 2014, our products dominated the winter tyre tests in the automotive media, scoring numerous test wins in the Nordic countries and Russia. Our Nordic winter tyre, the Nokian Hakkapeliitta 8, took first place in practically every test that it participated in. The success that Nokian Tyres achieved in Central European winter tyre tests is especially noteworthy. Our new summer tyre range scored several test wins in motoring magazines both in our core markets and Central Europe in the spring of 2014. All in all,

Nokian Tyres' products gained more than 50 test wins in 2014. In our consumer ratings, our products received an average score of 4.6 (out of 5.0), and 93% of consumers who wrote reviews recommended Nokian-branded tyres.

In September 2014, Nokian Tyres introduced five new SUV summer tyres and renewed its van tyre range. With our special products tailored for SUVs, we are targeting the fast-growing segment in our main markets in the Nordic countries, Central Europe, and Russia.





# Safety pioneer

*Unique product development and testing competence create patented solutions for the demanding Nordic conditions thereby improving safety, driving comfort, and performance.*



## Sustainable safety

In the company that invented the winter tyre, product development is guided by the principle of sustainable safety: the safety characteristics of a tyre must remain nearly unchanged throughout its service life. Sustainable safety also includes developing eco-friendly products and production technologies.

The quality, durability, and eco-friendliness of our products are based on careful structural development and testing. Our state-of-the-art testing machines allow for an even more effective comparison of the characteristics of rubber compounds, tread patterns, and tyre structures.

Adding canola oil to rubber compounds improves the tear strength of winter tyres and provides more grip on snow and ice. In summer tyres, we use pine tree oil to improve wear resistance. Using natural materials and developing eco-friendly products that reduce fuel consumption, noise, and harmful emissions are important aspects of our R&D operations also in the future. Combining safety with driving comfort while also cutting fuel costs is a challenging task.

In 2014, "Nordic" winter tyres with excellent grip on ice made up more than half (56%) of our winter tyre range. The proportion of tyres that reduce fuel consumption through ultra-low rolling resistance was 76%. A total of 89% of our summer tyre products were in the very high wet grip category. Our top tyres in terms of low rolling resistance and high wet grip correspond to categories A, B, and C in the EU tyre label system.

## Tailored with high precision

Nokian Tyres is known for the high quality, safety, and eco-friendliness of its products, which are carefully tailored to different markets and diverse, demanding conditions. Product development carefully follows the movements and changes of consumer needs and tries to anticipate the users' wishes. We spend more than half of our R&D resources on testing our products.

We also renew our comprehensive product range quickly: new products make up at least 25% of our annual revenue. New products help the company to strengthen its position and maintain the desired pricing and profit margins in a highly competitive market.

We work closely with the leading car manufacturers. More than 20 quality brands have selected Nokian Tyres' products in their winter tyre program. Testing collaboration with contractors plays a key role in the development of Nokian special tyres.

We spend more than  
**50%**  
of our R&D resources  
on testing our  
products

## Testing under extreme conditions

We test our products under authentic conditions around the world. In our own test laboratory in Ivalo, Finnish Lapland we develop test winner tyres that consumers around the world can rely on. Creating a test-winning tyre requires immense expertise and millions of test kilometers.

We annually expand our Ivalo Testing Center “White Hell”, which simulates the extreme winter driving conditions from November to May, day and night. Our versatile testing center in Nokia provides flexible and unique conditions for utilizing high-speed photography and testing the slush-planing properties of tyres, for example.

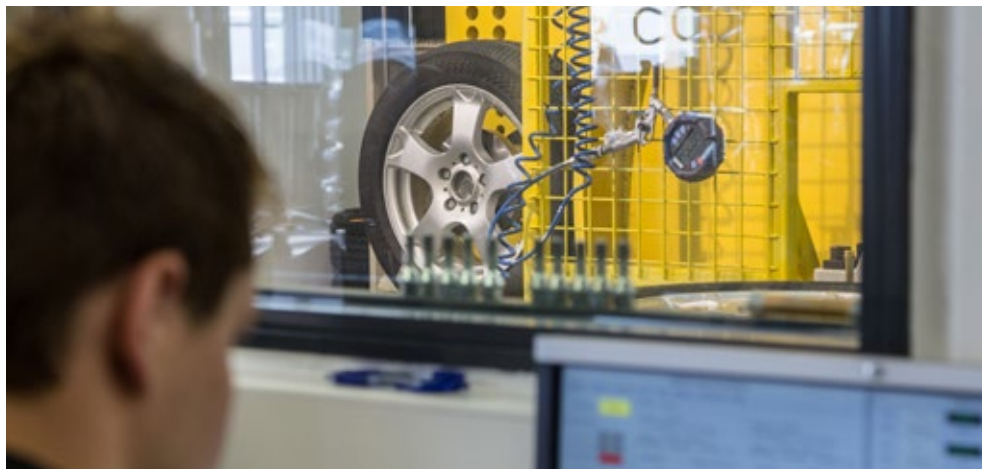
To achieve comprehensive results, we also test our tyres on several international tracks. In addition to our own tests, taxi businesses from the Nordic countries also take part in durability testing and the development of new tyre models. The development of an entirely new passenger car tyre takes 2 to 4 years.



Read more: [bit.ly/1EV9SRy](http://bit.ly/1EV9SRy)



We test more than  
**20,000**  
winter tyres  
in Ivalo throughout the  
winter season.



## Continuous renewal

Continual investments in new products, versatile testing, and advanced instruments enable the company to develop test-winning products with unique innovations year after year. One of our newest inventions is the Nokian Aramid Sidewall technology, which provides SUV tyres with added protection against impacts and cuts.

Intensive laboratory and field testing, a thorough understanding of the seasons together with the elements and characteristics of our products all work to serve the ultimate goal of product development – road safety in demanding and varying conditions.



Read more: [bit.ly/1KlqLxq](http://bit.ly/1KlqLxq)



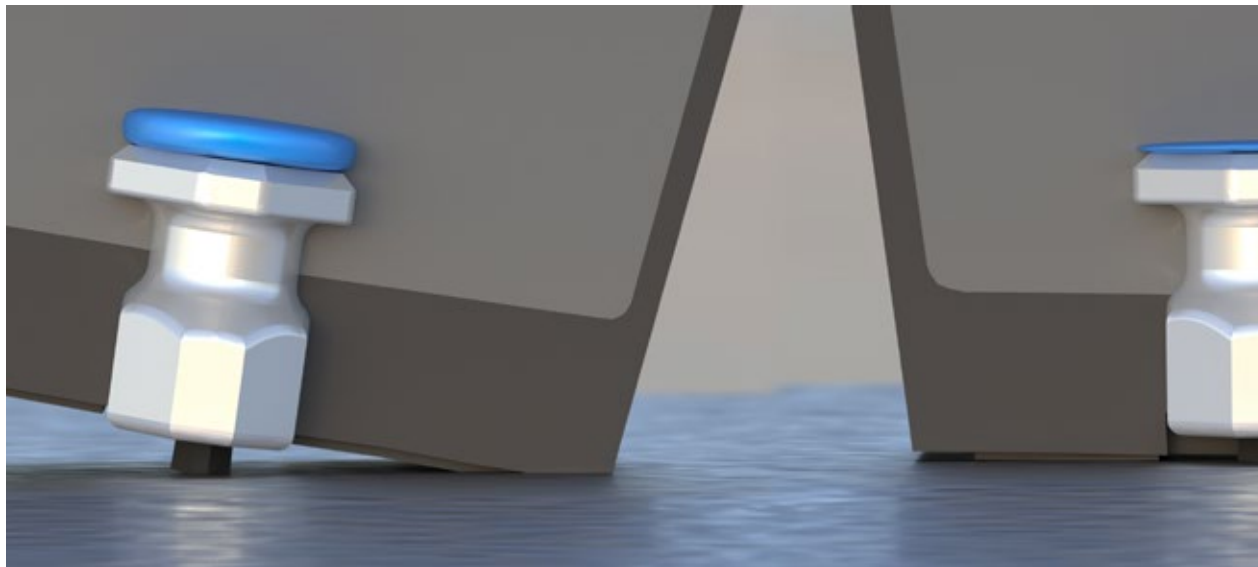


# Tailored safety for varying conditions

*Different markets  
require their own  
tailored products and  
precision innovations.*

As a winter tyre pioneer, we expanded our comprehensive winter product range with new special products. The new studded Nokian Hakkapeliitta 8 SUV represents the new Hakkapeliitta winter tyre generation that tackles the extremes of Nordic winter with completely new innovations. The state-of-the-art stud technology provides never before seen grip on ice and snow. Our new van tyres, the studded Nokian Hakkapeliitta C3 and non-studded Nokian CR3 provide winter grip and driving comfort for demanding professional use.

Another interesting addition is the robust Nokian Hakkapeliitta LT2 AT35 special tyre. The experts of extreme conditions, Nokian Tyres and Arctic Trucks teamed up enabling special 4x4 vehicle owners to handle the most demanding winter conditions in the world. The new Nokian Hakkapeliitta LT2 AT35 is the largest Hakkapeliitta winter tyre designed for heavy-duty 4x4 vehicles. In the future, you might encounter this giant Hakkapeliitta in the regions near the North or South Pole.





# The new summer tyre range is built to last

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*In the spring of 2015, Nokian Tyres offers a wider summer tyre range than ever before. The company launched 8 new premium summer tyres for its core markets in the fall of 2014. We introduced three new products to the Nokian Hakka summer tyre family, which is tailored for rough roads and the varying Northern summer. Nokian Hakka Black SUV and Nokian Hakka Blue SUV are designed for varied use on sports utility vehicles.*

With the precise handling and unique durability of the sporty Nokian Hakka Black SUV, drivers of powerful SUVs can enjoy the full performance of their vehicle with exceptional driving comfort.

The new Nokian Hakka Blue SUV is a comfortable charmer and a high performer that cuts fuel costs. It is the right choice for the driver who values safe and powerful performance but wants to enjoy the features of his or her SUV on dirt roads and urban environments alike. The sturdy Nokian Hakka C2 van tyre brings controlled stability and durability for heavier loads.

Nokian zLine SUV and Nokian Line SUV targeted especially for Central European markets are convincing performers with a comfortable driving feel. The new Nokian cLine van tyre provides durability and safety for demanding professional use.

- 
- ▶ View the video of Nokian Hakka Black SUV: <http://youtu.be/u00rU28qq98>
  - ▶ View the video of Nokian Hakka Blue SUV: <http://youtu.be/JS8tJoBGlvo>
  - ▶ View the video of Nokian zLine SUV: <http://youtu.be/sYHYUmczeS4>
  - ▶ View the video of Nokian Line SUV : <http://youtu.be/kOD9prmIPEQ>
-



# Special products for demanding heavy use

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The versatile Nokian Rotiiva AT Plus is especially designed for heavy-duty use on light trucks and pick-ups. For light trucks, large SUVs, and pick-ups, we developed the Nokian Rotiiva HT, which performs reliably on asphalt as well as gravel.

The world's first winter tyre for tractor contracting, Nokian Hakkapeliitta TRI is a unique winter specialist. This special product by Nokian Heavy Tyres provides superior traction and winter grip for snow clearing and heavy-duty contracting.

Nokian Hakka Truck 844 is designed for all-season long and medium distance transport, and it provides excellent grip even under winter conditions. It is the first trailer tyre of this size (385/55R22.5) on the market that has both the M+S label and the snowflake symbol, which indicates official winter tyre approval.

The new Nokian NTR 52 front tyre is a reliable performer even as the kilometers add up. The new structure and tread compound give the new tyre excellent durability and high grip under main road conditions. The tyre is designed for trucks and buses for medium and long distance use, and it meets the EURO 6 load carrying capacity requirements. Nokian NTR 52 also has the M+S label, and it is well suited for all-season use.

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#### **Nokian truck tyres**

▶ View the video: <http://youtu.be/iX54JZNF3Rc>

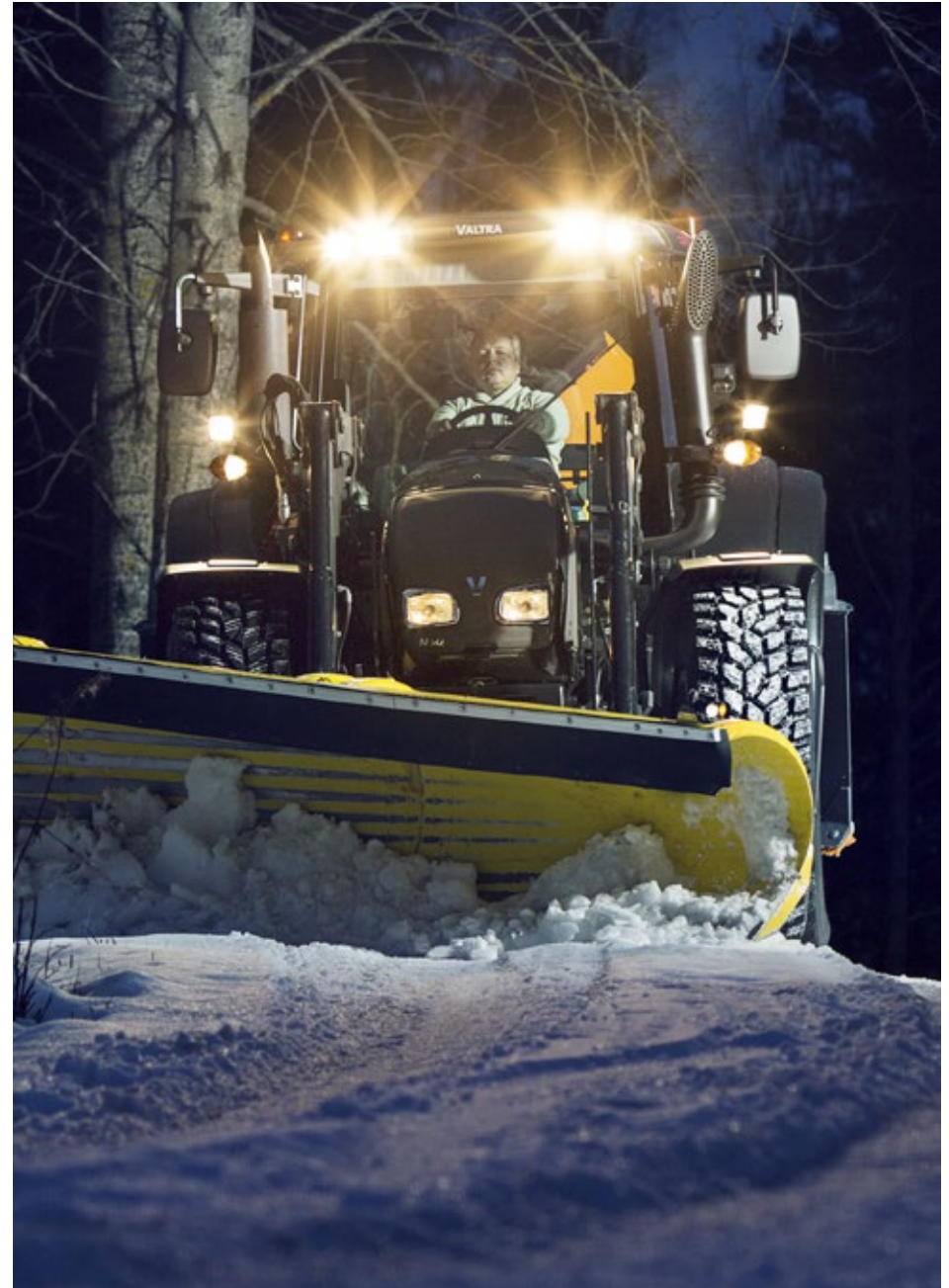
#### **Hakkapeliitta Test Experience**

▶ View the video: <http://youtu.be/SSGI1Mir5F4>

#### **Nokian Hakkapeliitta TRI – Innovations to beat winter**

▶ View the video: <http://youtu.be/vr3nFdmUJSM>

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Green winter tyre technology for electric cars

# The most energy efficient winter tyre model in the automotive industry

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Nokian Tyres developed the world's first winter tyre with an A class rolling resistance rating. The new Nokian Hakkapeliitta R2 is a non-studded winter tyre designed for BMW's unique i3 electric car. The genuine Hakkapeliitta winter tyre is tailored for the Nordic winter, and it combines ultra-low rolling resistance with excellent grip and driving comfort. With the Nokian Hakkapeliitta R2, electric car drivers can enjoy up to 30% lower rolling resistance compared to other winter tyres on the market. The new model is the world's first winter tyre to achieve an A class rolling resistance rating in the EU tyre label system. Low rolling resistance saves energy, thereby extending the range of the car.

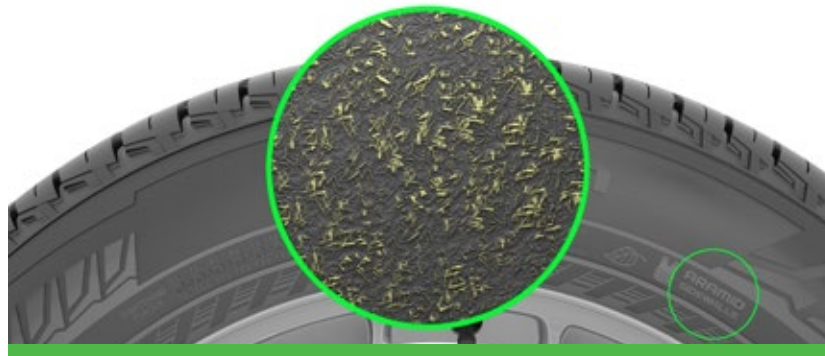


Read more: <http://bit.ly/12Q0kog>



## Top innovations

# Peace of mind, precision, and safety



### Improved durability



#### **Nokian Aramid Sidewall technology**

The test-winning Nokian Hakkapeliitta 8 SUV winter tyre features the unique Nokian Aramid Sidewall technology, which is now also used in the sidewall compound of new SUV tyres. The sidewall compound contains the extremely strong aramid staple fiber and provides exceptional protection against wear and cuts. The same material is utilized by the aerospace and defense industries. The aramid fiber stiffens and reinforces the sidewall to withstand external impacts and pressing against the wheel flange.

**Nokian Hakkapeliitta 8 SUV | Nokian Hakka Black SUV | Nokian Hakka Blue SUV  
Nokian zLine SUV | Nokian Line SUV**

▶ Learn more about the Nokian Aramid Sidewall concept: <http://youtu.be/N5LvBke-UqY>

▶ View the video: <http://youtu.be/AtA3xCcYc4A>



### Better winter grip and driving comfort

#### **Nokian Eco Stud 8 concept**

A new-generation, multi-faceted anchor stud, flange design that reduces stud impact, and the patented Eco Stud cushion that improves the operation of the stud and softens the road contact.

- 190 studs (size 205/55 R16) with computer-optimized stud distribution.
- A single stud weighs under 1 g.
- On average, 12% lower road wear effect than required by the Nordic stud legislation.

**Nokian Hakkapeliitta 8 | Nokian Hakkapeliitta 8 SUV**

▶ Nokian Eco Stud 8 concept: <http://bit.ly/1uzDpg2>



### First-class winter grip, more precise handling

**Nokian Cryo Crystal concept**  
Grip on ice is improved with diamond-tough crystal-like grip particles in the rubber compound that grab onto the driving surface.

- Nokian Hakkapeliitta 8 SUV**
- Nokian Hakkapeliitta R2**
- Nokian Hakkapeliitta R2 SUV**
- Nokian Hakkapeliitta CR3**



### Improved range, excellent winter grip

**Nokian Intelligent eSilica rubber compound**  
The rubber compound we use in electric car tyres performs well over an extended temperature range, maximizing low rolling resistance and winter grip. Together with the silica particles, the molecular chains of the tread compound form a strong, yet flexible combination. The sipes, or grooves, on the symmetrical tread model work actively regardless of variations in grip level and temperature.

**Nokian Hakkapeliitta R2 – BMW i3 ja BMW i8**



### Safety on wet roads

**Blade groove**  
Aggressive blade grooves cut through the ribs in the center area, effectively storing water and guiding it towards the longitudinal grooves.

- Nokian Hakka Black SUV**
- Nokian zLine SUV**



### Effective anti-aquaplaning

**Trumpet grooves**  
The shoulder areas have trumpet grooves, bullet-type indentations that store water from between the tyre and the road, accelerating its flow from the main grooves towards the transverse grooves and maximizing grip even on wet roads.

- Nokian Hakka Blue SUV**
- Nokian Line SUV**





# A tyre technology pioneer

1898

Suomen Gummitehdas  
Osakeyhtiö is established.

1932

Passenger car tyre  
production starts  
in Nokia.

1934

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

1936

The legendary  
Hakkapeliitta  
winter tyre is born.

2014

The Hakkapeliitta winter tyre range  
expands. The studded Nokian  
Hakkapeliitta 8 SUV and the van  
tyres Nokian Hakkapeliitta C3 and  
Nokian Hakkapeliitta CR3.

2014

The world's first winter tyre  
with retractable studs. Nokian  
Hakkapeliitta concept tyre.

2014

New Nokian Hakkapeliitta R2  
– the world's first winter tyre  
with an A class rolling resis-  
tance rating designed for  
electric cars.

# First since 1934

Already in 1934, Nokian Tyres developed and manufactured the world's first winter tyre to match the winter frost. Two years later, the Northern winter witnessed the birth of Nokian Hakkapeliitta, the legendary snow road champion designed for passenger cars.

The Kelirengas was designed for trucks; together with buses, they formed most of the road traffic in the 1930s. The strong tread made the Kelirengas a winter tyre, as its transverse grooves gripped the snow like a cog wheel. The tread pattern was loose and it could clean itself well while driving, which in turn improved the grip. The entire concept of the tyre was based on a good grip surface. As the advertisement stated, "braking is more effective, and sliding sideways in corners and turns is entirely eliminated".

Kelirengas. World's first winter tyre in 1934.



Nokian Hakkapeliitta 8.  
Multiple test winner in 2014.



80 years since the invention of the winter tyre: Nokian Kelirengas mastered safe turns in snowy weather

<http://bit.ly/18fVem>



This is how the winter tyre has changed – comparing the world's first winter tyre to the state-of-the-art non-studded winter tyre

<http://bit.ly/17MuahV>





# Keeping busy

## Aiming for the high utilization of production capacity and improved productivity

Nokian Tyres' production facilities are located in Finland and Russia. Product development and the manufacture of prototypes and test batches take place in Nokia, in connection with the company's head office. The Nokia factory manufactures passenger car tyres, heavy tyres, and retreading materials for truck tyres.

The state-of-the-art factory in Vsevolozhsk, near St. Petersburg, manufactured approximately 80% of company's passenger car tyres. From Vsevolozhsk, tyres are supplied to more than 40 countries making Nokian Tyres the largest exporter of consumer goods in Russia. The company's investments in the Russian production facilities exceed 800 million.

The annualized capacity of the Finnish and Russian factories amounts to over 20 million tyres, with shift arrangements. The

company is capable of responding to market growth by quickly increasing production without making large investments. In 2014 the capacity was not fully utilized, but production output (pcs) increased by 4.3% and productivity (kg/mh) improved by 5.1% year-over-year.

In Russia, the production costs of tyres are clearly lower than in Finland or other Western countries. The operation in Russia has been supported by tax agreements based on the amount of investments and the location of the factory behind tariff walls.

In addition to its own production facilities, the company uses contract manufacturing in factories whose level of quality meets Nokian Tyres' high standards. In 2014, contract manufacturing accounted for approximately 3% of the company's total tyre sales.

over 20 mill.

Production both in Nokia and Vsevolozhsk in 2014 was over 20 million tyres.



# We focus on the customer

*The main markets of Nokian Tyres are served by the group's own sales companies or a representative with its own sales organization. Our typical customers include regional tyre wholesalers, tyre retail chains, car dealership chains and, as the latest addition, online stores. As the sale of Nokian-branded tyres is important for our customers' business, they are willing and well prepared to support and build the Nokian brand.*

Everyday interaction and joint development projects as well as surveys and interviews keep us in touch with our customers' needs. Most of their wishes are related to the different stages of our partnership processes, such as logistics or marketing and product support. Nokian Tyres' strength is in its flat organization and its ability to quickly respond to customer needs and changes in the market. We have personal, long-lasting relationships with many of our customers, reinforced by a sense of belonging to the same Hakkapeliitta family.

## Developing the consumer relationship strengthens the brand

For the purposes of product development and improving quality, it is important for tyre manufacturers and developers to learn about actual user experiences and receive feedback from the end users. In recent years, the spread of social media has significantly improved the possibilities of directly contacting consumers. As online services become increasingly community oriented, consumers are clearly more committed to brands and more willing to share product recommendations.

## Valuing retail experts

Consumers often find tyre purchase to be complicated and difficult. Studies of buyer behavior show that tyre salespersons have a crucial role in the buying decision process. It is, therefore, very important for both tyre manufacturers and consumers that the salespersons are professionals who know their products thoroughly and can help consumers choose the right product for their needs. In addition to training sessions and personal guidance, Nokian Tyres has developed an online learning system that enables tyre retailers around the world to improve their competence any time, anywhere. Furthermore, our technical customer service helps and advises distributors, consumers, professional users, and other interest groups in the selection and use of tyres as well as in problematic situations.



facebook.com/nokiantyres



youtube.com/NokianTyresCom



twitter.com/nokiantyrescom



linkedin.com/company/nokian-tyres-plc

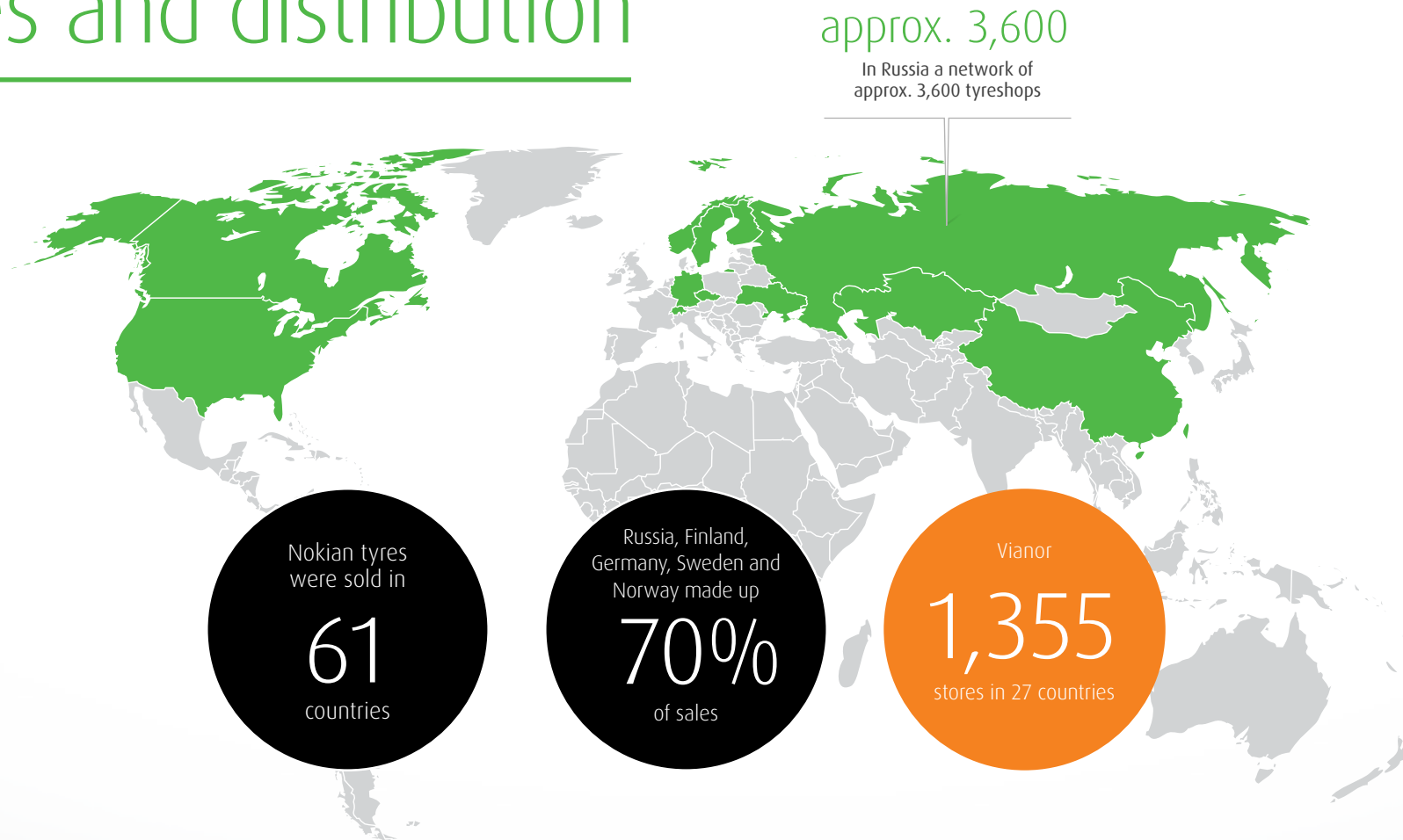


# We are part of your everyday life



We are part of your everyday life in all weathers and on all roads. Our job is to help people reach their destination safely. Through social media, our customers' satisfaction, user experiences, and the feelings associated with driving are communicated around the world. Safe driving lets you feel the joy of skiing trips in the winter, the relief of avoiding dangers in traffic, and the comfort of your morning commute even in difficult weather conditions. Time after time, successful journeys on our tyres earn us the trust of our customers. That trust is put to the test when it is time to replace your worn tyres with a new set. That is when you want to take a look at Instagram, Twitter, Facebook, or YouTube to see how the other moms and dads feel about driving on Nokian tyres.

# Sales and distribution



## Target markets

In 2014, Nokian tyres were sold in 61 countries. Russia, Finland, Germany, Sweden, and Norway made up 70% of our product sales.

## Vianor

A total of 1,355 outlets in 27 countries (189 own outlets and 1,166 franchising and partner outlets). 329 outlets in the Nordic and Baltic countries, 633 in Russia and the CIS countries, 294 in Central and Eastern Europe, and 69 in the United States.

## Nokian Tyres Authorized Dealers

In the review period, our Nokian Tyres Authorized Dealer (NAD) partner network grew by 437 contracts and now totals 869 locations in 14 Central European countries and China.

## Russia

The Hakka Guarantee retailers and other retail partners who work closely with Nokian Tyres in Russia form a network of some 3,600 locations, including tyre retailers, Vianor outlets, car dealerships, and online stores. Furthermore, our new N-Tyre partner network comprises 53 outlets in Russia and Kazakhstan.





# Vianor



## The most comfortable way to buy Nokian Hakkapeliittas?

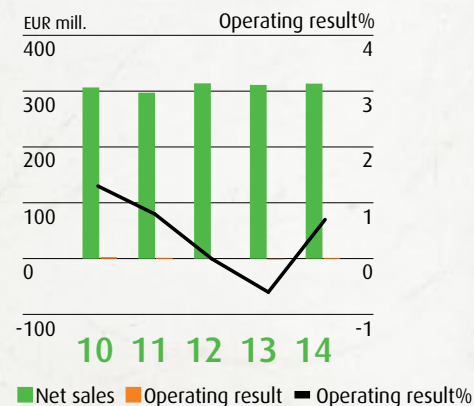
Vianor offers tyres for all common vehicles: passenger cars, vans, trucks, and heavy machinery. In addition to Nokian-branded tyres, the chain sells other leading tyre brands and a variety of motoring products, such as rims, batteries, and shock absorbers.

Apart from retail sales, Vianor conducts wholesale and fleet customer sales. The heavy seasonal fluctuations in tyre retail sales poses challenges for the year-round profitability of traditional tyre outlets. Therefore, Vianor's services include tyre changes and mounting as well as oil changes, car servicing, and tyre storage, depending on the location. The goal is to make servicing a more significant part of Vianor's growth and profitability.

The Vianor tyre chain operates in markets that are strategically important to Nokian Tyres, where it builds a foundation for permanent market shares for the group's products. In 2014, Vianor offered the best network for the wholesale and retail of Nokian Tyres' products in the group's core markets. Vianor also improved its winter tyre market share and continued to grow its service sales. Developing the outlets' operating model from tyre sales toward full car servicing was continued with investments and local acquisitions of car service shops. By the end of 2014, the chain had purchased a total of 56 businesses and integrated their car servicing operations into existing Vianor outlets.

### VIANOR

Net sales, Operating result and Operating result%



	2010	2011	2012	2013	2014
<b>Net sales</b>	307.9	298.4	315.3	312.5	314.8
<b>Operating result</b>	4.0	2.3	0.0	-1.8	2.1
<b>Operating result%</b>	1.3	0.8	0.0	-0.6	0.7





# Nokian Heavy Tyres



## The leader in forestry tyres

Nokian Heavy Tyres focuses on high-quality special tyres. The key product groups are forestry tyres, harbor and mining tyres, special agricultural tyres, a variety of industrial tyres as well as truck tyres and retreading materials for demanding conditions. The unique qualities of the products grow out of the knowledge of extreme operating conditions and respect for nature. The core products are manufactured in Nokia, Finland. In addition to the Nordic countries, the main markets include Central and Southern Europe, the USA and Canada, and Russia and the CIS countries.

Since the 1960s, Nokian Heavy Tyres has designed special tyres for forestry machines that

use the Nordic CTL (Cut-to-length) method. Today, it is the global market leader in this field with over 50% market share. On average, sales to OEMs have accounted for approximately 40% of the unit's revenue. The customers of Nokian Heavy Tyres value the functionality and overall cost efficiency of tyres. For them, low operating costs per hour are more important than a low purchase price of tyres.

The high-quality truck tyres are developed in Finland and manufactured as outsourced contract manufacturing in factories whose level of quality meets Nokian Tyres' high standards. Retreading materials, which are mainly used in truck tyres and machinery tyres, are manufac-

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

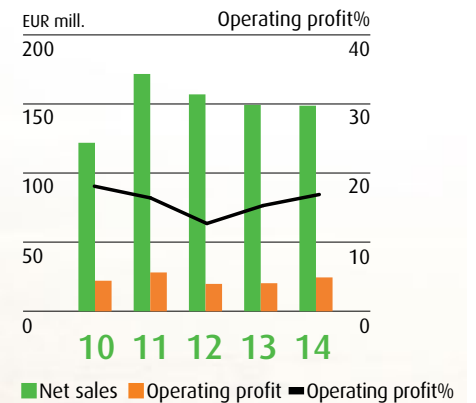
In 2014, the revenue of Nokian Heavy Tyres was nearly EUR 150 million and operating profit was about EUR 25 million. In some product groups, demand exceeded Nokian Heavy Tyres' supply capacity. Total sales volume remained at the previous year's level, but the sales of forestry tyres grew by 15%. The changes in the currency exchange rates decreased our sales in

euros. Due to the challenging pricing environment, the average price fell when compared to the previous year. Lower raw material costs and improved productivity supported our margins, and lower fixed costs improved profitability.

The production output (tonnes) in 2014 was up by 19.8% year-over-year. The production utilization rate was increased to over 90% during 2014. The factory modernization and automation have already opened bottlenecks, as well as improved product quality, flexibility, and productivity.

### NOKIAN HEAVY TYRES

Net sales, Operating profit and Operating profit%



	2010	2011	2012	2013	2014
<b>Net sales</b>	122.2	172.1	157.3	149.7	149.1
<b>Operating profit</b>	22.0	28.2	19.9	20.4	24.6
<b>Operating profit%</b>	18.1	16.4	12.7	13.6	16.5







# Management



MIDDLE ROW

**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.

**Andrei Pantioukhov**

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

**Alexej von Bagh**

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

**Pontus Stenberg**

Born 1966  
Vice President, Nokian Heavy Tyres.  
Master of Economic Sciences.  
With the company since 2010.

**Teppo Huovila**

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

FRONT ROW

**Rami Helminen**

Born 1966  
Vice President, Passenger Car Tyres.  
Master of Economic Sciences.  
With the company since 1990.

**Anne Leskelä**

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

**Hannu Teininen**

Born 1960  
Vice President, Sales and Logistics.  
Engineer, MBA.  
With the company since 1984.

**Ari Lehtoranta**

Born 1963  
President and CEO from 1 October, 2014  
M.Sc. Telecommunications.  
With the company since September, 2014

**Manu Salmi**

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

BACK ROW

**Esa Eronen**

Born 1957  
Vice President, Production Service.  
Technology Engineer.  
With the company since 1988.

**Antti-Jussi Tähtinen**

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

# Board of Directors



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: 6,568 pcs.

**Hille Korhonen**



Year of birth: 1963.  
Doctor of Science (Economics),  
Master of Science (Economics).  
CEO, Varma Mutual Pension  
Insurance Company. Member of  
the Board since 2012. Member of  
the Audit Committee.  
Independent of the company.  
Shares: 1,899 pcs.

**Risto Murto**



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: 15,737 pcs.

**Petteri Walldén**



Year of birth: 1953.  
Master of Science (Economics).  
Member of the Board since 2014.  
Chairman of the Audit committee.  
Independent of the company.  
Shares: 697 pcs.

**Raimo Lind**



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: 8,196 pcs.

**Hannu Penttilä**



Year of birth: 1954.  
Bachelor of Science in Economics.  
Member of the Board since 2002.  
Shares: 0 pcs.  
Bonds with warrants: 2010B  
90,000; 2010C 90 000; 2013A 60  
000; 2013B 40.

**Kim Gran**



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: 697 pcs.

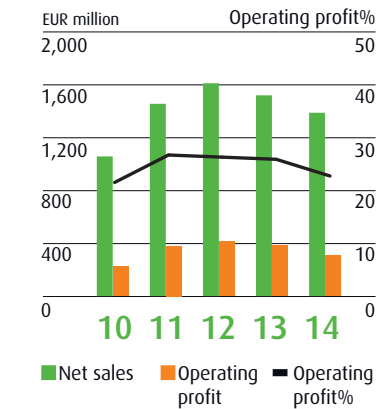
**Inka Mero**

Read QR Code with your smart  
phone or look at all details of  
Board of Directors at  
<http://bit.ly/1LGW24k>



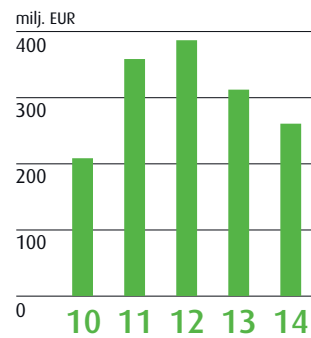


### Net sales, Operating profit and Operating profit%



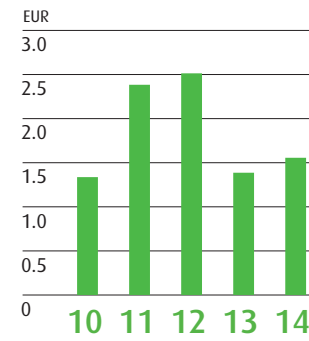
	2010	2011	2012	2013	2014
Net sales	1,058.1	1,456.8	1,612.4	1,521.0	1,389.1
Operating profit	222.2	380.1	415.0	385.5	308.7
Operating profit%	21.0	26.1	25.7	25.3	22.2

### Profit before tax



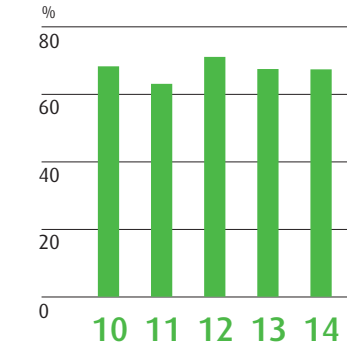
	2010	2011	2012	2013	2014
Profit before tax (milj. EUR)	208.8	359.2	387.7	312.8	261.2

### Earnings per share



	2010	2011	2012	2013	2014
Earnings per share (EUR)	1.34	2.39	2.52	1.39	1.56

### Equity ratio



	2010	2011	2012	2013	2014
Equity ratio (%)	68.4	63.2	71.2	67.6	67.5

### Net sales by market area

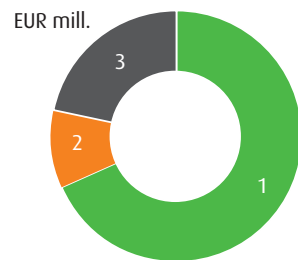
Share of group's sales %



	2013	2014
1. Finland	14%	15%
2. Sweden	11%	13%
3. Norway	11%	12%
4. Russia and CIS	34%	26%
5. Other Europe	22%	24%
6. North America	7%	9%

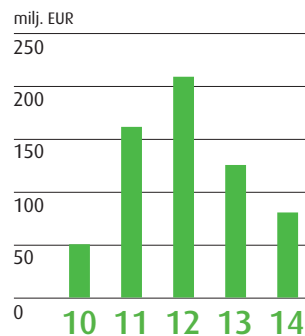
### Net sales by business unit

Share of group's sales, %



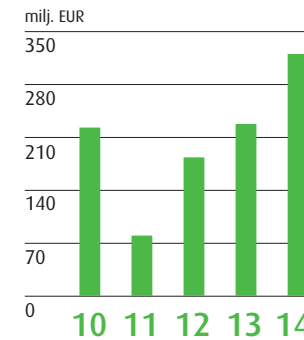
	2013	2014
1. Passenger Car Tyres	71%	68%
2. Heavy Tyres	9%	10%
3. Vianor	20%	22%

### Gross investment



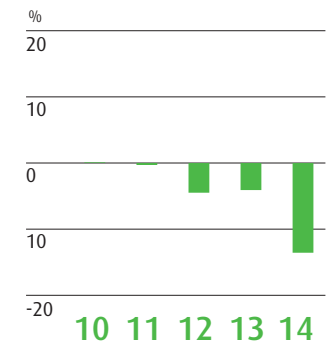
	2010	2011	2012	2013	2014
Gross investment (milj. EUR)	50.5	161.7	209.2	125.6	80.6

### Cash flow from operations



	2010	2011	2012	2013	2014
Cash flow from operations (milj. EUR)	318.8	114.1	262.3	325.6	458.3

### Gearing



	2010	2011	2012	2013	2014
Gearing (%)	0,1	-0,3	-4,5	-4,1	-13,6

EUR million   1.1.-31.12.	Notes	2014	2013
<b>Net sales</b>	(1)	1,389.1	1,521.0
Cost of sales	(3)(6)(7)	-769.6	-819.9
<b>Gross profit</b>		619.5	701.0
Other operating income	(4)	3.4	3.9
Selling and marketing expenses	(6)(7)	-246.5	-249.1
Administration expenses	(6)(7)	-34.5	-36.6
Other operating expenses	(5)(6)(7)	-33.2	-33.8
<b>Operating profit</b>		308.7	385.5
Financial income	(8)	268.4	104.3
Financial expenses <sup>(1)</sup>	(9)	-315.9	-177.0
<b>Profit before tax</b>		261.2	312.8
Tax expense <sup>(2)(3)</sup>	(10)	-52.8	-129.1
<b>Profit for the period</b>		208.4	183.7
Attributable to:			
Equity holders of the parent		208.4	183.7
Non-controlling interest		0.0	0.1
<b>Earnings per share (EPS) for the profit attributable to the equity holders of the parent:</b>	(11)		
Basic, euros		1.56	1.39
Diluted, euros		1.56	1.39

EUR million   1.1.-31.12.	Notes	2014	2013
<b>CONSOLIDATED OTHER COMPREHENSIVE INCOME</b>			
<b>Result for the period</b>		208.4	183.7
<b>Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax</b>			
Gains/Losses from hedge of net investment in foreign operations	(10)	0.0	-1.9
Cash flow hedges	(10)	1.9	0.8
Translation differences on foreign operations <sup>(4)</sup>		-202.1	-65.6
<b>Total other comprehensive income for the period, net of tax</b>		-204.0	-66.7
<b>Total comprehensive income for the period</b>		4.4	117.0
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		4.4	117.1
Non-controlling interest		0.0	0.1

<sup>1)</sup> Financial expenses in 2014 contain EUR 1.6 million expensed punitive interest for tax reassessment decisions on years 2008-2012 and in 2013 EUR 20.2 million on years 2007-2010.

<sup>2)</sup> Tax expense in 2014 contains EUR 9.4 million expensed additional taxes with punitive tax increases for tax reassessment decisions on years 2008-2012 and in 2013 EUR 80.1 million on years 2007-2010.

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

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



EUR million   31.12.	Notes	2014	2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(12)(13)	502.8	683.8
Goodwill	(2)(14)	73.3	69.9
Other intangible assets	(14)	19.8	24.7
Investments in associates	(16)	0.1	0.1
Available-for-sale financial assets	(16)	0.3	0.3
Other receivables	(15)(17)	10.0	11.3
Deferred tax assets	(18)	9.1	8.8
		<b>615.4</b>	<b>798.8</b>
<b>Current assets</b>			
Inventories	(19)	288.3	322.1
Trade and other receivables	(20)(29)	444.6	503.5
Current tax assets		8.9	13.8
Cash and cash equivalents	(21)	439.9	424.6
		<b>1,181.6</b>	<b>1,264.1</b>
<b>Total assets</b>	(1)	<b>1,797.0</b>	<b>2,062.9</b>

EUR million   31.12.	Notes	2014	2013
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
	(22)(23)		
Share capital		25.4	25.4
Share premium		181.4	181.4
Treasury shares		-8.6	-
Translation reserve		-202.0	-128.5
Fair value and hedging reserves		-2.6	-0.7
Paid-up unrestricted equity reserve		100.3	97.1
Retained earnings		1,114.5	1,217.9
		<b>1,208.5</b>	<b>1,392.5</b>
<b>Non-controlling interest</b>			
		-	0.2
<b>Total equity</b>		<b>1,208.5</b>	<b>1,392.8</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
	(24)		
Deferred tax liabilities	(18)	26.7	36.1
Provisions	(25)	0.1	0.1
Interest-bearing financial liabilities	(26)(27)(29)	274.7	185.8
Other liabilities		5.1	3.5
		<b>306.5</b>	<b>225.4</b>
<b>Current liabilities</b>			
Trade and other payables	(28)	259.9	255.2
Current tax liabilities		18.7	4.0
Provisions	(25)	2.8	3.1
Interest-bearing financial liabilities	(26)(27)(29)	0.6	182.4
		<b>282.0</b>	<b>444.7</b>
<b>Total liabilities</b>	(1)	<b>588.5</b>	<b>670.1</b>
<b>Total equity and liabilities</b>		<b>1,797.0</b>	<b>2,062.9</b>

EUR million   1.1.-31.12.	Notes	2014	2013
<b>Cash flows from operating activities:</b>			
Cash receipts from sales		1,348.9	1,469.9
Cash paid for operating activities		-870.9	-1,045.5
Cash generated from operations		477.9	424.3
Interest paid		-69.8	-56.3
Interest received		3.3	3.4
Dividends received		0.0	0.0
Income taxes paid		-88.2	-53.9
<b>Net cash from operating activities (A)</b>		<b>323.4</b>	<b>317.6</b>
<b>Cash flow from investing activities:</b>			
Acquisitions of property, plant and equipment and intangible assets		-81.7	-151.8
Proceeds from sale of property, plant and equipment and intangible assets		3.2	11.2
Acquisitions of Group companies, net of cash acquired	(2)	-5.8	-2.7
Change in Non-controlling interest		-0.3	0.0
<b>Net cash used in investing activities (B)</b>		<b>-84.7</b>	<b>-143.4</b>
<b>Cash flow from financing activities:</b>			
Proceeds from issue of share capital	(22)	2.6	17.8
Purchase of treasury shares		-8.6	-
Change in current financial receivables		-8.0	-1.2
Change in non-current financial receivables		-3.4	3.8
Change in financial current borrowings		62.2	-39.5
Change in financial non-current borrowings		-79.6	32.8
Dividends received		0.4	-
Dividends paid		-193.4	-191.9
<b>Net cash from financing activities (C)</b>		<b>-227.7</b>	<b>-178.1</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>11.0</b>	<b>-4.0</b>
Cash and cash equivalents at the beginning of the period		424.6	430.3
Effect of exchange rate fluctuations on cash held		4.3	-1.8
Cash and cash equivalents at the end of the period	(21)	439.9	424.6
		11.0	-4.0

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 in 2014 contain these set-offs by the Tax Administration in total of EUR 34.2 million.



## Annual General Meeting 2015

The Annual General Meeting of Nokian Tyres plc will be held at Tampere-talo, in Tampere, Finland; address Yliopistonkatu 55 on Wednesday 8 April 2015, starting at 4 p.m. Registration of attendants and the distribution of ballots will begin at 3 p.m.

Shareholders registered by no later than 25 March 2015 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, 2015.

### Read more:

[www.nokiantyres.com/annualgeneralmeeting2015](http://www.nokiantyres.com/annualgeneralmeeting2015)

## Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.45 per share be paid for the financial year 2014. The record date for the dividend payment will be 10 April 2015 and the dividend payment date 23 April 2015, 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 8 May 2015
- Interim Report for six months on 7 August 2015
- Interim Report for nine months on 30 October 2015
- Financial Statements Bulletin 2014 on 5 February 2016
- Annual Report 2015 on March 2016

Nokian Tyres publishes its Interim Reports, Financial Statements Bulletin and Annual Report at [www.nokiantyres.com/company/investors/](http://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 a three-week period of silence before the publication of financial information and 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](mailto:ir@nokiantyres.com)

Anne Leskelä, CFO, Investor Relations  
tel. +358 10 401 7481  
email: [ir@nokiantyres.com](mailto:ir@nokiantyres.com)

### Request for meetings and visits:

Raija Kivimäki, Assistant to President and CEO  
tel. +358 10 401 7438  
email: [ir@nokiantyres.com](mailto:ir@nokiantyres.com)  
Fax: +358 10 401 7378

### Investor information:

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

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

email: [info@nokiantyres.com](mailto: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 2010 – 31 December 2014



## Annual Report and Financial Review 2014

Nokian Tyres Annual Report and Financial Statements Bulletin/Financial Review 2014 are available only in electronic form on the company's web site. Electronic Annual Report, above mentioned reports as well as contact details including analysts can be read from [www.nokiantyres.com/company/investors/](http://www.nokiantyres.com/company/investors/)

