

Nokian Tyres plc Interim Report January–March 2019, May 8, 2019, 2:00 p.m.

Nokian Tyres plc Interim Report January–March 2019: Softness in Europe, progress in Heavy Tyres and Vianor

January–March 2019

- Net sales increased by 2.3% to EUR 343.7 million (336.0 in 1–3/2018). With comparable currencies, net sales increased by 3.8%.
- Operating profit decreased to EUR 53.9 million (61.2), negatively impacted by currencies.
- Profit for the period was EUR 194.6 million (46.6), and was positively impacted by EUR 149.6 million related to the rulings on the tax disputes concerning the years 2007–2011.
- Earnings per share increased to EUR 1.41 (0.34), and were positively impacted by EUR 1.08 related to the rulings on the tax disputes.
- Cash flow from operating activities was EUR -68.9 million (-18.3).

Guidance for 2019 (unchanged)

In 2019, net sales with comparable currencies are expected to grow and operating profit to be approximately at the level of 2018. In line with Nokian Tyres' updated 2018 strategy, the company is targeting further growth in Russia, Central Europe, and North America. As a result of ongoing investment programs to support the growth, operating profit in 2019 will include significant additional operating costs.

Key figures, EUR million

	1–3 /19	1–3 /18	Change %	CC* Change %	2018
Net sales	343.7	336.0	2.3%	3.8%	1,595.6
Operating profit	53.9	61.2			372.4
Operating profit %	15.7%	18.2%			23.3%
Profit before tax	90.7	60.0			361.7
Profit for the period	194.6	46.6			295.2
Earnings per share, EUR **	1.41	0.34			2.15
ROCE, % ***	20.2%	21.7%			23.3%
Equity ratio, %	75.7%	79.1%			71.0%
Cash flow from operating activities	-68.9	-18.3			536.9
Gearing, %	-3.2%	-11.6%			-21.2%
Interest-bearing net debt	-54.9	-174.1			-315.2
Capital expenditure	54.3	17.5			226.5

* Comparable currencies

** EPS excl. the impact of the rulings on the tax disputes of EUR 1.08 were EUR 0.33

*** Rolling 12 months

IFRS 16 Leases

The new IFRS 16 standard became effective on 1 January 2019 onwards and replaced the previous standard IAS 17.

Nokian Tyres chose to use the exemption provided by the standard not to account lease liability for leases, which have a lease term of 12 months or less and not to account lease liability for leases in which the underlying asset is not material to Nokian Tyres. The majority of leases recognized as Right-of-use assets under IFRS 16 are comprised of Vianor chain real estate and warehouses.

IFRS 16 standard had minor impact to Q1 income statement (EBIT impact EUR +0.7 million, net income impact EUR -0.4 million). Interest-bearing net debt at 31.3.2019 increased by EUR 132.6 million and assets by EUR 132.2 million due to the recognition of right-of-use assets.

Hille Korhonen, President and CEO:

“Nokian Tyres had a diverse start to the year. With comparable currencies, our net sales increased by 3.8% with good progress in Heavy Tyres and Vianor. Car tire sell-in in the Nordics and Central Europe declined which, together with the timing of deliveries in North America, had a negative effect on Passenger Car Tyres’ net sales. This was partly offset by earlier deliveries in Russia. Operating profit decreased due to the highly competitive tire market in Central Europe, as well as currencies.

In March 2019, we received the final ruling on the tax dispute for 2007–2010, as well as concerning the year 2011. Both decisions were positive for the company, and adjustments to the financial reporting have been done during the first quarter of 2019.

Sustainability is an important part of our strategy, and I am particularly proud that in February the company received the Silver Class distinction in the RobecoSAM Sustainability Yearbook 2019. As a premium tire brand, we want to set an example as a responsible company that aims for sustainable growth.

In 2019, we continue to pursue our growth agenda, despite softness in the car and tire market in Europe. Our focus is on executing our strategic projects, especially the US factory ramp-up which is proceeding according to plan, and commercial production is expected to start in early 2020.”

Market situation

	the Nordic countries	Russia	Europe (incl. the Nordic countries)	North America
New car sales in 1-3/2019 y-o-y	-9%	-0%	-3%	-3%
Car tire sell-in in 1-3/2019 y-o-y	-6%	-5%	-3%	+5%
Car tire demand E2019 (management estimate)	at previous year's level	increase slightly	at previous year's level	at previous year's level
Heavy tire segments* 1-3/2019 (management estimate)	increase	at previous year's level	increase	increase

* Nokian Tyres' core product segments

JANUARY–MARCH 2019

Nokian Tyres Group's net sales in January–March 2019 increased by 2.3% and amounted to EUR 343.7 million (January–March 2018: 336.0). With comparable currencies, net sales increased by 3.8%. Currency exchange rates affected net sales negatively by EUR -5.0 million.

Net sales by geographical area

	M€ 1–3/19	M€ 1–3/18	Change %	CC* Change %	M€ 2018
Nordic countries	127.2	120.0	6.0%	8.0%	629.3
Russia	88.9	82.3	8.0%	14.0%	305.5
Other Europe	79.3	85.2	-6.9%	-6.8%	436.9
North America	43.3	43.2	0.0%	-5.3%	194.5
Other countries	5.0	5.3	-5.0%	2.8%	29.5
Total	343.7	336.0	2.3%	3.8%	1,595.6

* Comparable currencies

Net sales by business unit

	M€ 1–3/19	M€ 1–3/18	Change %	CC* Change %	M€ 2018
Passenger Car Tyres	256.3	259.1	-1.1%	0.7%	1,150.8
Heavy Tyres	48.3	43.1	11.9%	12.1%	187.7
Vianor	57.0	53.3	7.0%	8.4%	337.2
Other operations and eliminations	-17.9	-19.5			-80.1
Total	343.7	336.0	2.3%	3.8%	1,595.6

* Comparable currencies

Raw material unit costs in manufacturing increased by 4.6% year-over-year, and by 0.4% from the fourth quarter of 2018 including the negative currency effect.

Operating profit amounted to EUR 53.9 million (61.2).

Operating profit by business unit

	M€ 1–3/19	M€ 1–3/18	M€ 2018
Passenger Car Tyres	63.2	74.0	356.5
Heavy Tyres	9.0	8.3	28.6
Vianor	-12.0	-14.7	1.6
Other operations and eliminations	-6.3	-6.4	-14.3
Total	53.9	61.2	372.4

Net financial income was EUR 36.7 million (net financial expenses 1.2), including net interest income of EUR 33.9 million (net interest expenses 0.9). Net financial income contains returned EUR 35.9 million related to the rulings on the tax disputes. Net financial expenses include an income of EUR 2.8 million (expenses 0.3) due to exchange rate differences. Profit before tax was EUR 90.7 million (60.0) and taxes were EUR 104.0 million (-13.5). Profit for the period amounted to EUR 194.6 million (46.6), and earnings per share were EUR 1.41 (0.34); which was positively impacted by EUR 1.08 related to the rulings on the tax disputes.

Cash flow

In January–March 2019, cash flow from operating activities was EUR -68.9 million (-18.3). Working capital increased by EUR 297.8 million (95.6). Inventories increased by EUR 23.4 million (35.5) and receivables increased by EUR 84.3 million (46.6). Payables decreased by EUR 190.1 million (13.6), and were impacted by EUR 149.6 million related to the rulings on the tax disputes.

Investments

Investments in January–March 2019 amounted to EUR 54.3 million (17.5). This comprises the construction of the new US factory, the testing center in Spain, production investments in the Russian and Finnish factories, molds for new products, and ICT and process development projects. Depreciations totaled EUR 30.5 million (23.0).

Financial position on March 31, 2019

	March 31, 2019	March 31, 2018	December 31, 2018
Cash and cash equivalents, M€	321.4	309.0	447.5
Interest-bearing financial liabilities, M€	266.6	134.9	132.3
of which current interest-bearing financial liabilities, M€	140.6	0.9	126.0
Interest-bearing net debt, M€	-54.9	-174.1	-315.2
Unused credit limits*, M€	558.8	508.8	558.8
of which committed, M€	205.5	155.5	205.5
Gearing ratio, %	-3.2%	-11.6%	-21.2%
Equity ratio, %	75.7%	79.1%	71.0%
* The current credit limits and the commercial paper program are used to finance inventories, trade receivables, and subsidiaries in distribution chains, thereby controlling the typical seasonality in the Group's cash flow.			

Tax rate

The Group's tax rate in January–March 2019 was -114.7% (22.5%). The adjusted tax rate excluding 113.7 MEUR tax refund from 2007–2011 tax disputes was 17.7%. The tax rate is positively affected by tax incentives in Russia which are valid until approximately 2022. The Group's estimated operational tax rate is expected to be at the level of 19% for 2019 (excl. positive tax rulings for 2007–2011).

Personnel

	1–3/19	1–3/18	2018
Group employees			
on average	4,775	4,647	4,790
at the end of the review period	4,968	4,750	4,719
in Finland, at the end of the review period	1,900	1,804	1,769
in Russia, at the end of the review period	1,620	1,545	1,574
in North America, at the end of the review period	202	193	191
Vianor (own) employees, at the end of the review period	1,740	1,707	1,563

BUSINESS UNIT REVIEWS

Passenger Car Tyres

	1–3 /19	1–3 /18	Change %	CC* Change %	2018
Net sales, M€	256.3	259.1	-1.1%	0.7%	1,150.8
Operating profit, M€	63.2	74.0			356.5
Operating profit, %	24.7%	28.6%			31.0%

* Comparable currencies

In January–March 2019, net sales of Nokian Passenger Car Tyres totaled EUR 256.3 million (259.1). With comparable currencies, net sales increased by 0.7%. Car tire sell-in in the Nordics and Central Europe declined due to softness in the car and tire market in Europe. This together with the timing of deliveries in North America had a negative effect on Passenger Car Tyres' net sales. This was partly offset by earlier deliveries in Russia. Average Sales Price with comparable currencies decreased slightly due to product and country mix. Summer tire inventories are at a high level in Central Europe and in Russia.

In January–March 2019, the share of winter tires of sales was 57% (49%), the share of summer tires was 27% (36%), and the share of all season tires was 16% (16%).

Operating profit was EUR 63.2 million (74.0). Operating profit decreased due to the highly competitive tire market in Central Europe, as well as currencies.

During the review period, capacity utilization increased year-over-year, and the production output (pcs) increased by 2%. In January–March 2019, 79% (84%) of passenger car tires (pcs) were manufactured in Russia.

Nokian Tyres' products achieved success in several car magazine tests. For more information, see: www.nokiantyres.com/test-success/. A flow of product launches with new innovations – improving safety, comfort, and eco-friendly driving – continued in the review period. For example, the Nokian Hakkapeliitta LT3 winter tire for the Nordic, North American, Russian, and Central European markets was introduced in January 2019. In February 2019, Nokian Tyres launched its Nokian Hakka summer tire range on the Japanese market. The Nokian WR Snowproof winter tire, designed especially for Central European markets, was introduced in March 2019.

Market situation in Russia

In 2019, sales of new cars in Russia are expected to grow by approximately 5–7% compared with 2018, driven by deferred demand and increased private lending but restricted by stagnating or even declining real incomes. The total replacement tire market sell-in in Russia is expected to grow by 3–5% in 2019 compared with 2018, with the winter tire sell-in growing and the summer tire sell-in declining due to high carry-over stocks.

Heavy Tyres

	1–3 /19	1–3 /18	Change %	CC* Change %	2018
Net sales, M€	48.3	43.1	11.9%	12.1%	187.7
Operating profit, M€	9.0	8.3			28.6
Operating profit, %	18.7%	19.2%			15.2%

* Comparable currencies

In January–March 2019, net sales of Nokian Heavy Tyres totaled EUR 48.3 million (43.1). With comparable currencies, net sales increased by 12.1%. Demand was good in Nokian Heavy Tyres' core product groups. Sales of agricultural tires and forestry tires increased, in particular.

Operating profit was EUR 9.0 million (8.3). Operating profit increased due to the sales growth resulting from the new product launches and better availability.

Heavy Tyres is increasing its production capacity by 50% by investing a total of approximately EUR 70 million in the factory in Finland during the years 2018–2020. The aim is to increase the maximum capacity for heavy tire production from approximately 20 million kg to 32 million kg. As part of this investment, Heavy Tyres is building a new research and development center. The R&D center will accelerate the testing phase of new tire models. The project is proceeding according to plan.

A flow of product launches with new innovations continued in 2019. For example, new sizes for the Nokian Tractor King and Nokian Hakkapeliitta Truck F2 XL winter tire for trucks, as well as the latest addition to the Nokian Noktop tire retreading material range, the Nokian Noktop 75 Super, were introduced in March.

Vianor, own operations

	1–3 /19	1–3 /18	Change %	CC* Change %	2018
Net sales, M€	57.0	53.3	7.0%	8.4%	337.2
Operating profit, M€	-12.0	-14.7			1.6
Operating profit, %	-21.0%	-27.5%			0.5%
Own service centers, pcs, at period end	187	193			188

* Comparable currencies

In January–March 2019, net sales totaled EUR 57.0 million (53.3). With comparable currencies, net sales increased by 8.4%.

Operating profit was EUR -12.0 million (-14.7). The improvement was driven by increased operational efficiency, and better sales management.

At the end of the review period, Vianor had 187 (193) own service centers in Finland, Sweden, Norway, and the USA.

SHARES AND SHAREHOLDERS

At the end of March 2019, the number of shares was 138,066,899.

Authorizations

In 2018, the Annual General Meeting authorized the Board of Directors to make a decision to offer no more than 25,000,000 shares through a share issue, or by granting special rights under chapter 10, section 1 of the Finnish Limited Liability Companies Act that entitle to shares (including convertible bonds), on one or more occasions. The authorization was effective until the next Annual General Meeting of Shareholders, however at most until June 30, 2019. This authorization invalidated all other Board authorizations regarding share issues and special rights.

In 2018, the Annual General Meeting authorized the Board of Directors to resolve to repurchase a maximum of 5,000,000 shares in the Company by using funds in the unrestricted shareholders' equity. The authorization was effective until the next Annual General Meeting of Shareholders, however at most until June 30, 2019.

The Board did not utilize the authorizations in January–March 2019.

Stock options on the Nasdaq Helsinki Stock Exchange

The total number of stock options 2013C is 1,150,000. Each stock option 2013C entitles its holder to subscribe to one share in Nokian Tyres plc. The shares can be subscribed with the stock options 2013C during the period of May 1, 2017 to May 31, 2019. The current share subscription price with stock options 2013C is EUR 18.25/share. The dividends paid are deducted from the share subscription price.

Shares subscribed with option rights

On February 19, 2019, Nokian Tyres announced that, following the registrations of new shares on November 13, 2018, a total of 1,180 shares in Nokian Tyres plc had been subscribed with the 2013C option rights. As a result of the share subscriptions, the number of Nokian Tyres plc shares increased to 138,066,899 shares.

Own shares

No share repurchases were made during the review period, and the company did not possess any own shares on March 31, 2019.

Nokian Tyres has an agreement from 2017 with a third-party service provider concerning the share-based incentive program for key personnel. The third party owns Nokian Tyres' shares related to the incentive program until the shares are given to the participants of the program. In accordance with IFRS, these repurchased shares, 480,000 in 2017, have been reported as treasury shares in the Consolidated Statement of Financial Position. On March 31, 2019, the number of these shares was 215,188. This number of shares corresponded to 0.16% of the total shares and voting rights in the company.

Trading in shares

A total of 49,339,774 (33,059,415) Nokian Tyres' shares were traded in Nasdaq Helsinki during the period, representing 36% (24%) of the company's overall share capital. The average daily volume during the period was 783,171 shares (524,753). Nokian Tyres' shares are also traded on alternative exchanges, such as BATS CXE, Turquoise, and BATS BXE. The total trading volume on these alternative exchanges was 29,280,703 (22,968,592) shares during the review period.

Nokian Tyres' share price was EUR 29.84 (36.90) at the end of the review period. The volume weighted average share price during the period was EUR 30.13 (37.91), the highest was EUR 32.44 (41.26) and the lowest was EUR 26.41 (35.23). The company's market capitalization at the end of the period was EUR 4.1 billion (5.1 billion).

At the end of the period, the company had 49,293 (40,428) registered shareholders. The percentage of Finnish shareholders was 33.0% (26.6%), and 67.0% (73.4%) were non-Finnish holders and foreign shareholders registered in the nominee register. Public sector entities owned 10.1% (6.7%), financial

and insurance corporations 4.8% (3.3%), households 12.5% (11.0%), non-profit institutions 3.3% (3.3%), and private companies 2.3% (2.2%).

Changes in ownership

Nokian Tyres received notifications from BlackRock, Inc. on January 7, January 11, February 8, and February 15, according to which the holdings of the mutual funds managed by BlackRock, or indirect holding in Nokian Tyres shares, exceeded the level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on January 4, January 10, February 7, and February 14.

Nokian Tyres received notifications from BlackRock, Inc. on January 2, January 8, January 22, January 29, and March 18, according to which the holdings of the mutual funds managed by BlackRock, or indirect holding in Nokian Tyres shares, fell below the level of 5% of the share capital in Nokian Tyres plc as a result of share transactions concluded on December 31, January 7, January 21, January 28, and March 15.

Nokian Tyres received a notification from Janus Henderson Group plc on January 17, according of which the indirect holding in Nokian Tyres shares fell below the level of 5% of the share capital in Nokian Tyres plc as a result of share transactions concluded on January 16.

Nokian Tyres received a notification from The Income Fund of America (“IFA”) on February 7, in accordance of which the direct holding in Nokian Tyres shares fell below level of 5% of the share capital in Nokian Tyres plc as a result of share transactions concluded on February 6.

Nokian Tyres received a notification from Solidium Oy on March 19, in accordance of which the direct holding in Nokian Tyres shares exceeded the level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on March 18.

Detailed information on notifications of change in shareholding can be found at www.nokiantyres.com/company/investors/share/flagging-notifications/.

Managers’ transactions

Nokian Tyres announced managers’ transactions on February 22, March 4, March 7, and March 8. Read more at: www.nokiantyres.com/company/publications/releases/2019/managementTransactions/

DECISIONS MADE AT THE ANNUAL GENERAL MEETING

On April 9, 2019, the Annual General Meeting of Nokian Tyres approved the Financial Statements for 2018 and discharged the members of the Board of Directors and the President and CEO from liability for the 2018 financial year.

Dividend

The meeting decided that a dividend of EUR 1.58 per share shall be paid for the period ending on December 31, 2018. The dividend payment date was April 24, 2019, and the dividend was paid to shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of April 11, 2019.

Members of the Board of Directors and Auditors

The meeting decided that the Board of Directors has eight members. The current members Heikki Allonen, Kari Jordan, Raimo Lind, Veronica Lindholm, Inka Mero, George Rietbergen, Pekka Vauramo, and Petteri Walldén will continue on the Board of Directors.

The audit firm KPMG Oy Ab continue as auditors.

Remuneration of the Members of the Board of Directors

The meeting decided that the monthly fee paid to the Chairman of the Board shall be EUR 7,500 (or EUR 90,000 per year), the monthly fee paid to the Deputy Chairman of the Board and to the Chairman of

the Audit Committee shall be EUR 5,625 (or EUR 67,500 per year), and the monthly fee paid to Members of the Board shall be EUR 3,750 (or EUR 45,000 per year).

50% of the annual fee is to be paid in cash and 50% in company shares, to the effect that in the period from April 10 to April 30, 2019, EUR 45,000 worth of shares in Nokian Tyres plc were purchased at the stock exchange on behalf of the Chairman of the Board, EUR 33,750 worth of shares in Nokian Tyres plc were purchased at the stock exchange on behalf of the Deputy Chairman of the Board and Chairman of the Audit committee, and EUR 22,500 worth of shares were purchased on behalf of other members of the Board.

The company is liable to pay any asset transfer taxes which may arise from the acquisition of the company shares. Furthermore, each member of the Board will receive EUR 600 for meetings held in their home country and EUR 1,200 for meetings held outside their home country. If a member participates in a meeting via telephone or video connection, the remuneration will be EUR 600. Travel expenses will be compensated in accordance with the company's travel policy.

Authorizations

In 2019, the Annual General Meeting authorized the Board of Directors to resolve to repurchase a maximum of 5,000,000 shares in the company by using funds in the unrestricted shareholders' equity. The proposed number of shares corresponds to 3.6% of all shares in the company at the time of the proposal. The authorization will be effective until the next Annual General Meeting of Shareholders, however at most until June 30, 2020.

Amendments of the articles of association

In 2019, the Annual General Meeting resolved to amend Articles 8, 9, and 11 of the articles of association as follows:

§8 Auditor

The company shall have one auditor which must be an auditing firm authorized by the Finnish Patent and Registration Office. The auditor's term of office expires at the end of the first Annual General Meeting following the election.

§9 Notice of General Meeting

The notice of a General Meeting shall be published on the company's website, no earlier than three months before the record date referred to in the Finnish Limited Liability Companies Act and no later than three weeks before the General Meeting. The notice must, however, be delivered no later than nine days before the record date of the General Meeting.

§11 Annual General Meeting

The Annual General Meeting shall be held annually on a day fixed by the Board of Directors, by the end of May. The Meeting shall be held either at the company's registered place of business or in either the city of Tampere or Helsinki, as decided by the Board of Directors.

The Annual General Meeting shall review:

1. the financial statements, which include the consolidated financial statements, and annual report;
2. the auditor's report;

shall resolve:

3. the adoption of the financial statements;
4. the use of the profit shown on the balance sheet;
5. granting discharge from personal liability to the members of the Board of Directors and the Managing Director;
6. the remuneration payable to the members of the Board of Directors and the auditor;
7. the number of the members of the Board of Directors;

shall elect:

8. the members of the Board of Directors;
9. an auditor; and

shall deal with:

10. any other matters mentioned in the notice of the meeting.

BOARD OF DIRECTORS' WORKING ARRANGEMENTS

In the Board meeting on April 9, 2019, Petteri Walldén was elected Chairman of the Board and Kari Jordan was elected Deputy Chairman of the Board. The Board elected Kari Jordan (Chairman), Veronica Lindholm, and Petteri Walldén as members of the Personnel and Remuneration Committee. The Board elected Raimo Lind (Chairman), Heikki Allonen, Inka Mero, and Pekka Vauramo as members of the Audit Committee.

CORPORATE SUSTAINABILITY

Nokian Tyres published its Corporate Sustainability Report in March 2019. The Corporate Sustainability Report is available in Finnish and English on the company's website at www.nokiantyres.com/company/sustainability/.

In February 2019, Nokian Tyres received a Silver Class distinction in the RobecoSAM Sustainability Yearbook 2019.

In March 2019, Nokian Tyres joined the Global Platform for Sustainable Natural Rubber. GPSNR is an independent platform designed to improve the socio-economic and environmental performance of the natural rubber value chain.

PERFORMANCE SHARE PLAN: PERFORMANCE SHARE PLAN 2019, RESTRICTED SHARE PLAN 2019 AND REALIZATION OF PERFORMANCE PERIOD 2018

On February 5, 2019, Nokian Tyres announced that the Board of Directors of Nokian Tyres plc has decided on a new share-based long-term incentive scheme for the Company's management and selected key employees. The decision includes a Performance Share Plan (hereinafter also referred to as "PSP 2019") as the main structure, and a Restricted Share Plan ("RSP 2019") as a complementary structure for specific situations. The purpose of the share-based incentive scheme is to harmonize the goals of the Company's shareholders and key personnel in order to increase the value of the Company in the long term and to commit key personnel to the Company and its strategic targets.

Performance Share Plan 2019

The Performance Share Plan consists of annually commencing individual three-year Performance Periods, followed by the payment of the potential share reward to the participants. The commencement of each individual Performance Period is subject to a separate Board approval.

The first Performance Period (PSP 2019–2021) commenced as of the beginning of 2019 and the potential share rewards thereunder will be paid in the first half of 2022, provided that the performance criteria set by the Board of Directors are achieved. The potential reward will be paid partly in shares in Nokian Tyres plc and partly in cash. The cash portion of the reward is intended to cover the taxes arising from the paid reward. Approximately 200 individuals are eligible to participate in PSP 2019–2021, including the members of Nokian Tyres' Management Team. The possible rewards paid based on the Performance Period of 2019–2021 correspond approximately to a maximum of 535,000 gross shares.

In addition to the 3-year performance period (PSP 2019–2021), a separate one-time, two-year performance period (PSP 2019–2020) commenced in 2019 in order to bridge the previous two-year PSP 2018 and the three-year PSP 2019–2021. The potential share rewards thereunder will be paid in the first half of 2021, provided that the performance criteria set by the Board of Directors are achieved. Approximately 210 individuals are eligible to participate in PSP 2019–2020, including the members of Nokian Tyres' Management Team. The possible rewards paid based on the Performance Period of 2019–2020 correspond approximately to a maximum of 580,000 gross shares.

The potential share rewards payable under the PSP 2019–2020 and PSP 2019–2021 are based on the Company's Earnings Per Share (EPS) growth % and Return on Capital Employed (ROCE).

Restricted Share Plan 2019

The purpose of the Restricted Share Plan (RSP 2019–2021) is to serve as a complementary tool for individually selected key employees of Nokian Tyres in specific situations. It consists of annually commencing individual Restricted Share Plans, each with a three-year retention period after which the share rewards granted within the plan will be paid to the participants.

The commencement of each individual plan is subject to a separate Board approval.

A precondition for the payment of the share reward based on the Restricted Share Plan is that the employment relationship of the individual participant with Nokian Tyres continues until the payment date of the reward. The potential reward will be paid partly in shares in Nokian Tyres plc and partly in cash. Cash portion of the reward is intended to cover the taxes arising from the paid reward.

The first plan (RSP 2019–2021) within the Restricted Share Plan structure commenced as of the beginning of 2019, and the potential share reward thereunder will be paid in the first half of 2022. The possible rewards paid based on RSP 2019–2021 correspond approximately to a maximum of 70,000 gross shares.

Other terms

Nokian Tyres applies a share ownership policy to the members of Nokian Tyres' Management Team. According to this policy, each member of the Management Team is expected to retain in his/her ownership at least 25% of the shares received under the share-based incentive programs of the Company until the value of his/her share ownership in the Company corresponds to at least his/her annual gross base salary.

The Board of Directors anticipates that no new shares will be issued based on the share-based incentive scheme and that the scheme will, therefore, have no dilutive effect on the registered number of the Company's shares.

Realization of Performance Period 2018

The rewards to be paid in 2019, on the basis of the achievement of the previous share-incentive plan's performance period 2018, correspond to a total of 146,000 Nokian Tyres plc shares including also the proportion to be paid in cash. The rewards were paid by the end of March 2019. For the key employees who have joined the Plan during the performance period 2018, including 5 members of the Group's Management Team, the rewards will be paid by the end of August 2019. The plan was directed to 233 key employees, including the members of the Group's Management Team. The shares paid as reward may not be transferred during an approximately one-year restriction period established for the shares. For shares paid on the basis of the performance period 2018, the restriction period will end on March 31, 2020.

SIGNIFICANT RISKS AND UNCERTAINTIES, AND ONGOING DISPUTES

Nokian Tyres' business and financial performance may be affected by several uncertainties. The Group has adopted a risk management policy, approved by the Board of Directors, which supports the achievement of strategic goals and ensures continuity of business. The Group's risk management policy focuses on managing both the risks pertaining to business opportunities and the risks affecting the achievement of the Group's goals in the changing operating environment. The risk management process aims to identify and evaluate the risks, and to plan and implement the practical measures for each risk. Nokian Tyres has detailed the overall business risks and risk management in the 2018 Corporate Governance Statement.

For example, the following risks could potentially have an impact on Nokian Tyres' development:

- Nokian Tyres is subject to risks related to consumer confidence and macroeconomic and geopolitical conditions. Political uncertainties may cause serious disruption and additional trade barriers and affect the company's sales and credit risk. Economic downturns may increase trade customers' payment problems and Nokian Tyres may need to recognize impairment of trade receivables.
- The tire wholesale and retail landscape is evolving to meet changing consumer needs. New technologies are fueling this with increasing digitalization. A failure to adapt to the changes in the sales channel could have an adverse effect on Nokian Tyres' financial performance.
- Nokian Tyres' success is dependent on its ability to innovate and develop new products and services that appeal to its customers and consumers. Despite extensive testing of its products, product quality issues and failure to meet demands on performance and safety could harm Nokian Tyres' reputation and have an adverse effect on its financial performance.
- Nokian Tyres' production facilities are located in Finland and Russia. Any unexpected production or delivery breaks at these facilities would have a negative impact on the company's business. A new factory is under construction in the US in order to diversify the manufacturing footprint. Interruptions in logistics could have a significant impact on peak season sales.
- Significant fluctuations in raw material prices may impact margins. Nokian Tyres sources natural rubber from producers in countries such as Indonesia and Malaysia. Although Nokian Tyres has policies such as the Supplier Code of Conduct, and established processes to monitor the working conditions, it cannot fully control the actions of its suppliers. The violation of laws, regulations or standards by raw material producers, or their divergence from practices generally accepted as ethical in the European Union or the international community, could have a material adverse effect on Nokian Tyres' reputation.
- Foreign exchange risk consists of transaction risk and translation risk. The most significant currency risks arise from the Russian ruble, the Swedish and Norwegian krona, and the US and Canadian dollar. Approximately 60% of the Group's sales are generated outside of the euro-zone.
- In May 2017, the Finnish Financial Supervisory Authority filed a request for investigation with the National Bureau of Investigation regarding possible securities market offences. In March 2019, the police moved the suspicions of securities markets offences to consideration of charges. The suspects have denied any involvement in criminal activity.

Tax disputes

Dispute concerning 2007–2011

Administrative Court's final ruling on the tax dispute concerning the years 2007–2010

In March 2019, the Supreme Administrative Court rejected an application for leave to appeal from the Tax Recipients' Legal Services Unit in Nokian Tyres' 2007–2010 tax dispute. The decision of the Administrative Court in May 2018 is thus final and the tax dispute for the tax years 2007–2010 is completed. Adjustments to the financial reporting were done during the first quarter of 2019. The decision of the Supreme Administrative Court had no cash flow impact, as the Tax Administration returned the additional taxes paid by the company already in 2018.

Background of the tax dispute

The Large Taxpayers' Office carried out a transfer pricing tax audit regarding tax years 2007–2010 during 2012–2013, investigating if the intercompany transactions between Nokian Tyres plc and its subsidiaries were at arm's length. The company paid in total EUR 89.2 million additional taxes and punitive tax increases concerning tax years 2007–2010 based on tax reassessment decisions from the Tax Administration, and appealed them by filing an appeal with the Administrative Court in January 2017.

Tax Administration's final decision in the appeal concerning the tax year 2011

In March 2019, Nokian Tyres announced that the Supreme Administrative Court had rejected an application for leave to appeal from the Tax Recipients' Legal Services Unit in Nokian Tyres' 2007–2010 tax dispute. As a result of the decision of the Supreme Administrative Court, the Tax Recipients' Legal Services Unit withdrew their appeal concerning Nokian Tyres' tax year 2011 and the positive decision taken by the Tax Administration in 2018 is thus final.

Adjustments to the financial reporting concerning tax year 2011 were done during the first quarter of 2019. The decision had no cash flow impact in 2019, as the Tax Administration returned the additional taxes paid by the company already in 2018.

Background of the tax dispute

In October 2017, Nokian Tyres received a reassessment decision from the Tax Administration concerning the tax year 2011, according to which the company was obliged to pay a total of EUR 59 million, of which EUR 39 million were additional taxes and EUR 20 million were tax increases and interest. The company recorded the amount in full to the financial statement and result of Q3/2017 and paid it in Q4/2017. The company considered the reassessment decision of the Tax Administration unfounded and appealed to the Board of Adjustment in November 2017.

Dispute concerning the US subsidiary 2007–2013

Nokian Tyres U.S. Finance Oy, a subsidiary of Nokian Tyres plc (ownership: 100% of the shares), received reassessment decisions from the Finnish Tax Administration in 2013 and 2014. According to the reassessment decisions, and with interest until the actual payment in August 2017, the company was obliged to pay a total of EUR 18.5 million in additional taxes, with tax increases and interest concerning the tax years 2007–2013. Of this amount, EUR 11.0 million were additional taxes and EUR 7.5 million were tax increases and interest. The company recorded them in full in the financial statements and results for 2013, 2014, and 2017.

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

Nokian Tyres U.S. Finance Oy considered the reassessment decision of the Tax Administration unfounded and filed a claim for rectification with the Board of Adjustment.

In June 2017, the Board of Adjustment rejected the company's claim for rectification. The company considers the decision unfounded and appealed against it by filing a claim with the Administrative Court in July 2017. The company has paid the amount of EUR 18.5 million in full in August 2017.

MATTERS AFTER THE REVIEW PERIOD

Managers' transactions

Nokian Tyres announced managers' transactions on April 1, April 8, and April 16. Read more at: www.nokiantyres.com/company/publications/releases/2019/managementTransactions/

Changes in ownership

Nokian Tyres received a notification from BlackRock, Inc. on April 24, according to which the holdings of the mutual funds managed by BlackRock, or indirect holding in Nokian Tyres shares, exceeded the level of 5% of the share capital in Nokian Tyres plc, as a result of share transactions concluded on April 23.

Nokian Tyres received a notification from BlackRock, Inc. on April 25, according to which the holdings of the mutual funds managed by BlackRock, or indirect holding in Nokian Tyres shares, fell below the level of 5% of the share capital in Nokian Tyres plc as a result of share transactions concluded on April 24.

Detailed information on notifications of change in shareholding can be found at www.nokiantyres.com/company/investors/share/flagging-notifications/.

ASSUMPTIONS FOR 2019

In 2019, the market demand for replacement car tires is expected to increase slightly or be at previous year's level. The company's replacement tire market position (sell-in) is expected to improve in 2019.

The demand for Nokian Heavy Tyres' core products is estimated to remain healthy.

Vianor (partners) and Nokian Tyres' other branded distribution, such as Nokian Tyres Authorized Dealers (NAD) and the N-Tyre network, will continue to expand.

Raw material unit costs are estimated to increase slightly in 2019 compared with 2018.

As a result of ongoing investment programs to support Nokian Tyres growth, operating profit in 2019 will include significant additional operating costs compared to the previous year, driven especially by the US factory ramp-up, Heavy Tyres capacity expansion in Finland as well as building the testing center in Spain.

GUIDANCE FOR 2019 (unchanged)

In 2019, net sales with comparable currencies are expected to grow and operating profit to be approximately at the level of 2018. In line with Nokian Tyres' updated 2018 strategy, the company is targeting further growth in Russia, Central Europe, and North America. As a result of ongoing investment programs to support the growth, operating profit in 2019 will include significant additional operating costs.

Nokia, May 8, 2019

Nokian Tyres plc
Board of Directors

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

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

The interim report figures are unaudited.

NOKIAN TYRES CONSOLIDATED				
INCOME STATEMENT	1-3/19	1-3/18	1-12/18	Change %
Million euros				
Net sales	343.7	336.0	1,595.6	2.3
Cost of sales	-201.6	-184.8	-865.5	-9.0
Gross profit	142.1	151.2	730.2	-6.0
Other operating income	0.6	0.5	2.5	25.6
Selling and marketing expenses	-70.1	-70.8	-286.4	1.0
Administration expenses	-11.3	-12.4	-47.9	9.3
Other operating expenses	-7.4	-7.2	-25.9	-2.6
Operating profit	53.9	61.2	372.4	-11.9
Financial income	19.1	26.7	83.3	-28.5
Financial expenses (1)	17.6	-27.9	-94.0	163.2
Profit before tax	90.7	60.0	361.7	51.0
Tax expense (2 (3)	104.0	-13.5	-66.5	870.6
Profit for the period	194.6	46.6	295.2	318.0
Attributable to:				
Equity holders of the parent	194.6	46.6	295.2	
Non-controlling interest	-	-	-	
Earnings per share from the profit attributable to equity holders of the parent				
basic, euros	1.41	0.34	2.15	315.3
diluted, euros	1.41	0.34	2.14	317.8

CONSOLIDATED OTHER COMPREHENSIVE

INCOME	1-3/19	1-3/18	1-12/18
Million euros			
Profit for the period	194.6	46.6	295.2
Other comprehensive income, items that may be reclassified subsequently to profit and loss, net of tax:			
Gains/Losses from hedge of net investments in foreign operations	-	-	-
Cash flow hedges	-1.8	0.2	1.3
Translation differences on foreign operations	58.7	-11.7	-67.8
Total other comprehensive income for the period, net of tax	56.9	-11.4	-66.6
Total comprehensive income for the period	251.5	35.1	228.7
Total comprehensive income attributable to:			
Equity holders of the parent	251.5	35.1	228.7
Non-controlling interest	-	-	-

1) Financial expenses contain returned EUR 34.4 million punitive interest related to tax disputes that were booked in previous fiscal years based on tax reassessment decisions. Additionally financial expenses contain a gain of EUR 1.5 million of interest from returned taxes.

2) Tax expense contain returned EUR 113,7 million additional taxes and punitive increases that were booked in previous fiscal years based on tax reassessment decisions.

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

KEY RATIOS	31.3.19	31.3.18	31.12.18	Change %
Equity ratio, %	75.7	79.1	71.0	
Gearing, %	-3.2	-11.6	-21.2	
Equity per share, euro	12.62	11.01	10.79	14.6
Interest-bearing net debt, mill. euros	-54.9	-174.1	-315.2	
Capital expenditure, mill. euros	54.3	17.5	226.5	
Depreciation, mill. euros	30.5	23.0	93.4	
Personnel, average	4,775	4,647	4,790	
Number of shares (million units) at the end of period	137.85	136.97	137.79	
in average	137.80	136.76	137.26	
in average, diluted	138.14	138.05	138.14	

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

	31.3.19	31.3.18	31.12.18
Million euros			
Non-current assets			
Property, plant and equipment	700.9	541.8	647.3
Goodwill	83.8	82.3	83.6
Other intangible assets	37.4	34.8	33.6
Investments in associates	0.1	0.1	0.1
Right of use assets	132.2	-	-
Non-current financial investments	0.7	0.7	0.7
Other receivables	7.9	8.5	7.3
Deferred tax assets	13.4	12.0	9.3
Total non-current assets	976.4	680.3	781.8
Current assets			
Inventories	405.7	373.0	369.2
Trade receivables	511.4	464.0	409.5
Other receivables	83.4	77.7	84.8
Cash and cash equivalents	321.4	309.0	447.5
Total current assets	1,322.0	1,223.7	1,311.0
Total assets	2,298.3	1,904.0	2,092.9
Equity			
Share capital	25.4	25.4	25.4
Share premium	181.4	181.4	181.4
Treasury shares	-9.3	-20.3	-11.4
Translation reserve	-306.8	-309.3	-365.4
Fair value and hedging reserves	-2.3	-1.6	-0.6
Paid-up unrestricted equity reserve	222.6	204.2	222.6
Retained earnings	1,629.1	1,426.1	1,434.1
Non-controlling interest	-	-	-
Total equity	1,740.1	1,505.9	1,486.1
Non-current liabilities			
Deferred tax liabilities	35.2	33.4	32.5
Provisions	0.0	0.2	0.0
Interest-bearing financial liabilities	126.0	134.1	6.3
Other liabilities	0.6	0.3	0.5
Total non-current liabilities	161.8	168.0	39.3
Current liabilities			
Trade payables	85.2	76.0	111.0
Other current payables	166.2	149.0	326.1
Provisions	4.5	4.2	4.4
Interest-bearing financial liabilities	140.6	0.9	126.0
Total current liabilities	396.5	230.1	567.4
Total equity and liabilities	2,298.3	1,904.0	2,092.9

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

CONSOLIDATED STATEMENT OF CASH FLOWS	1-3/19	1-3/18	1-12/18
Million euros			
Profit for the period	194.6	46.6	295.2
Adjustments for			
Depreciation, amortisation and impairment	30.5	23.0	93.4
Financial income and expenses	-36.7	1.2	10.7
Gains and losses on sale of intangible assets, other changes	7.2	5.9	11.8
Income Taxes	-104.0	13.5	66.5
Cash flow before changes in working capital	91.7	90.1	477.6
Changes in working capital			
Current receivables, non-interest-bearing, increase (-) / decrease (+)	-84.3	-46.6	-11.0
Inventories, increase (-) / decrease (+)	-23.4	-35.5	-41.8
Current liabilities, non-interest-bearing, increase (+) / decrease (-)	-190.1	-13.6	185.3
Changes in working capital	-297.8	-95.6	132.4
Financial items and taxes			
Interest and other financial items, received	2.2	0.6	2.2
Interest and other financial items, paid	31.4	-1.1	-12.4
Dividends received	-	-	0.0
Income taxes paid	103.6	-12.2	-63.0
Financial items and taxes	137.2	-12.8	-73.2
Cash flow from operating activities (A)	-68.9	-18.3	536.9
Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	-54.3	-17.5	-226.5
Proceeds from sale of property, plant and equipment and intangible assets	0.1	-0.2	0.3
Acquisitions of Group companies	-	-	-0.9
Change in non-controlling interest	-	-	-
Acquisitions of other investments	-	-	-
Cash flows from investing activities (B)	-54.2	-17.6	-227.1
Cash flow from financing activities:			
Proceeds from issue of share capital	0.0	0.3	18.7
Purchase of treasury shares	-	-	-
Change in current financial receivables, increase (-) / decrease (+)	0.9	-0.5	-9.0
Change in non-current financial receivables, increase (-) / decrease (+)	0.0	0.3	0.5
Change in current financial borrowings, increase (+) / decrease (-)	-5.3	-1.0	123.5
Change in non-current financial borrowings, increase (+) / decrease (-)	-0.3	0.2	-125.1
Dividends received	-	-	0.5
Dividends paid	-	-	-214.2
Cash flow from financing activities (C)	-4.7	-0.8	-205.1
Change in cash and cash equivalents, increase (+) / decrease (-) (A+B+C)	-127.8	-36.7	104.7
Cash and cash equivalents at the beginning of the period	447.5	343.4	343.4
Effect of exchange rate fluctuations on cash held	1.7	2.2	-0.7
Cash and cash equivalents at the end of the period	321.4	309.0	447.5

Implementation of IFRS 16 has resulted in increased cash flow from operating activities of EUR 5.0 million, which is equivalent to negative cash flow from financial activities as payment on leases debt.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital

B = Share premium

C = Treasury shares

D = Translation reserve

E = Fair value and hedging reserves

F = Paid-up unrestricted equity reserve

G = Retained earnings

H = Non-controlling interest

I = Total equity

Million euros	Equity attributable to equity holders of the parent								
	A	B	C	D	E	F	G	H	I
Equity, 31 Dec 2017	25.4	181.4	-20.3	-297.6	-1.8	203.9	1,377.4	-	1,468.4
Change in accounting principles (IFRS 2)							6.1		6.1
Change in accounting principles (IFRS 9)							-9.6		-9.6
Equity, 1 Jan 2018	25.4	181.4	-20.3	-297.6	-1.8	203.9	1,373.8	-	1,464.8
Profit for the period							46.6		46.6
Other comprehensive income, net of tax:									
Cash flow hedges					0.2				0.2
Net investment hedge									-
Translation differences				-11.7					-11.7
Total comprehensive income for the period				-11.7	0.2		46.6		35.1
Dividends paid									-
Exercised warrants						0.3			0.3
Acquisition of treasury shares									-
Share-based payments							5.7		5.7
Total transactions with owners for the period						0.3	5.7		6.0
Equity, 31 Mar 2018	25.4	181.4	-20.3	-309.3	-1.6	204.2	1,426.1	-	1,505.9
Equity, 1 Jan 2019	25.4	181.4	-11.4	-365.4	-0.6	222.6	1,434.2	-	1,486.1
Profit for the period							194.6		194.6
Other comprehensive income, net of tax:									
Cash flow hedges					-1.8				-1.8
Net investment hedge									0.0
Translation differences				58.7					58.7
Total comprehensive income for the period				58.7	-1.8		194.6		251.5
Dividends paid									
Exercised warrants									
Acquisition of treasury shares									
Share-based payments				2.1			0.3		2.4
Total transactions with owners for the period				2.1		0.0	0.3		2.4
Equity, 31 Mar 2019	25.4	181.4	-9.3	-306.8	-2.3	222.6	1,629.1	-	1,740.1

SEGMENT INFORMATION	1-3/19	1-3/18	1-12/18	Change %
Million euros				
Net sales				
Passenger car tyres	256.3	259.1	1,150.8	-1.1
Heavy tyres	48.3	43.1	187.7	11.9
Vianor	57.0	53.3	337.2	7.0
Other operations	1.6	1.4	10.5	14.3
Eliminations	-19.5	-20.9	-90.6	6.6
Total	343.7	336.0	1,595.6	2.3
Operating result				
Passenger car tyres	63.2	74.0	356.5	-14.6
Heavy tyres	9.0	8.3	28.6	8.7
Vianor	-12.0	-14.7	1.6	18.3
Other operations	-4.2	-4.4	-13.3	4.2
Eliminations	-2.1	-2.0	-1.0	-4.8
Total	53.9	61.2	372.4	-11.9
Operating result, % of net sales				
Passenger car tyres	24.7	28.6	31.0	
Heavy tyres	18.7	19.2	15.2	
Vianor	-21.0	-27.5	0.5	
Total	15.7	18.2	23.3	
NET SALES BY GEOGRAPHICAL AREA	1-3/19	1-3/18	1-12/18	Change %
Million euros				
Nordic	127.2	120.0	629.3	6.0
Russia	88.9	82.3	305.5	8.0
Other Europe	79.3	85.2	436.9	-6.9
North America	43.3	43.2	194.5	0.0
Other	5.0	5.3	29.5	-5.0
CONTINGENT LIABILITIES	31.3.19	31.3.18	31.12.18	
Million euros				
For own debt				
Mortgages	0.9	0.9	0.9	
Pledged assets	4.7	4.7	4.7	
On behalf of Group companies				
Guarantees	0.4	0.4	0.4	
Other own commitments				
Guarantees	28.8	13.1	27.7	
Leasing and rent commitments	26.6	118.6	159.3	
Purchase commitments	29.4	1.1	29.9	

DERIVATIVE FINANCIAL**INSTRUMENTS****31.3.19**

31.3.18

31.12.18

Million euros

INTEREST RATE DERIVATIVES

Interest rate swaps

Notional amount **200.0** 100.0 200.0Fair value **-2.8** -1.1 -1.6**FOREIGN CURRENCY DERIVATIVES**

Currency forwards

Notional amount **470.9** 402.8 420.0Fair value **1.4** 0.6 -4.5

Currency options, purchased

Notional amount **13.4** 39.8 27.5Fair value **0.3** 0.6 0.3

Currency options, written

Notional amount **13.4** 61.2 37.6Fair value **0.0** -0.3 -0.2

Interest rate and currency swaps

Notional amount **86.0** 67.5 86.0Fair value **11.9** 11.9 18.1**ELECTRICITY DERIVATIVES**

Electricity forwards

Notional amount **4.9** 5.9 4.8Fair value **1.6** 0.5 2.9

IFRS 16 Leases

The new standard became effective on 1 January 2019 onwards and replaced the previous standard IAS 17. Nokian Tyres chose to apply the simplified approach.

Nokian Tyres chose to use the exemption provided by the standard not to account lease liability for leases which have a lease term of 12 months or less and not to account lease liability for leases in which the underlying asset is not material to Nokian Tyres. The majority of leases recognized as Right-of-use assets under IFRS 16 are comprised of Vianor chain real estate and warehouses.

ADDITIONS TO GROUP BALANCE SHEET	1.1.2019
Assets	
Right to use	137.7
Total increased value assets	137.7
Liability	
Non-current liability	
Lease liability	119.9
Current liability	
Lease liability	17.8
Total Increased liabilities	137.7

Below is a summary of the effects of the treatment of leases in accordance with IFRS 16 for the period so far this year.

Balance sheet effects	31.3.2019
Fixed assets	
Right to use	132.2
Total	132.2
Equity & Liability	
Profit for the period	-0.4
Non-current liability	119.9
Current liability	12.7
Total	132.2
P&L effects	
	1-3/19
Reversed rents	7.7
Depreciations	-7.1
Finance costs	-1.0
Total	-0.4

DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS

Earnings per share, euro:

Profit for the period attributable to the equity holders of the parent / Average adjusted number of shares during the period excluding treasury shares

Earnings per share (diluted), euro:

Profit for the period attributable to the equity holders of the parent / Average adjusted and diluted number of shares during the period excluding treasury shares

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

Equity ratio, %:

Total equity x 100 / (Total assets - advances received)

Gearing, %:

Interest-bearing net debt x 100 / Total equity

Equity per share, euro:

Equity attributable to equity holders of the parent / Adjusted number of shares on the reporting date excluding treasury shares

Average net debt to EBITDA:

(Average interest-bearing liabilities - average liquid funds)
/ (Operating profit + Depreciations and amortisations)

DEFINITION OF AREAS

the Nordic countries: Finland, Norway, Sweden

Other Europe: Europe excl. the Nordic countries

Russia

Americas incl. North America: Canada, USA

Other countries: All other countries

Core markets: the Nordic countries and Russia