

**Nokia Conference Call**  
**Fourth Quarter 2004 Financial Results**

**Jorma Ollila**  
**Chairman and CEO**

**Rick Simonson**  
**Senior Vice President and CFO**

**Ulla James**  
**Vice President, Investor Relations**

January 27, 2005  
15.00 Helsinki time / 08.00 New York time

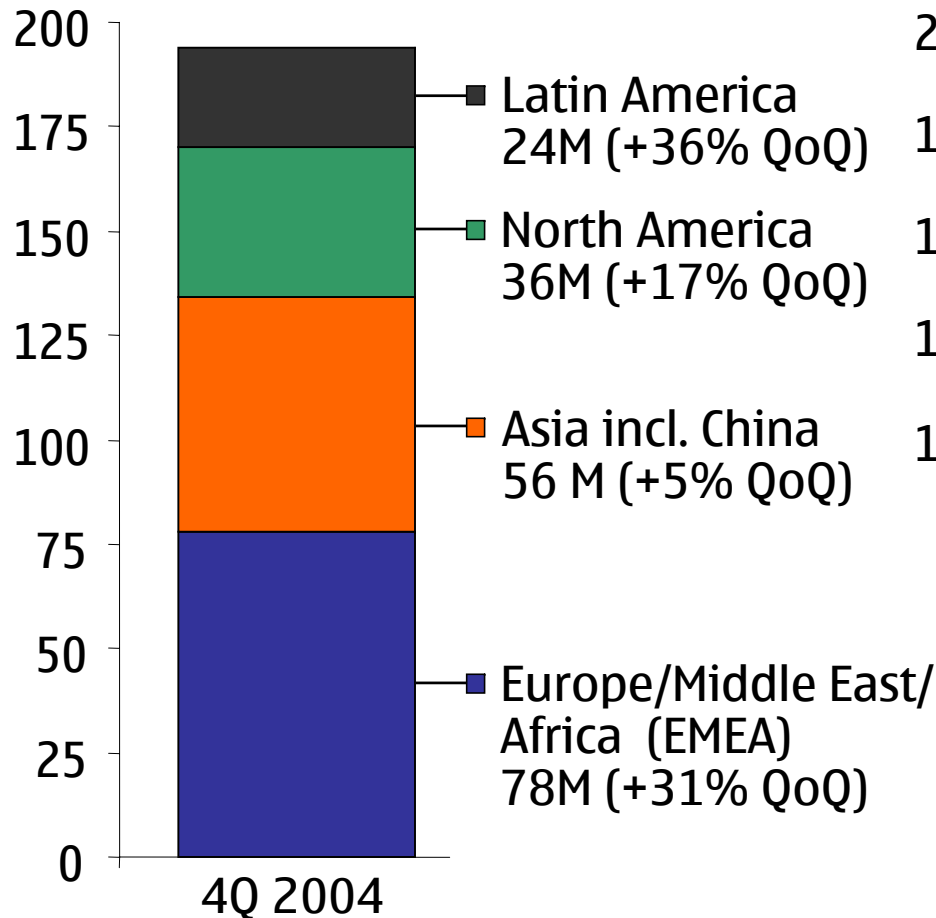
It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding: A) the timing of product and solution launches and deliveries; B) our ability to develop, implement and commercialize new products, solutions and technologies; C) expectations regarding market growth, developments and structural changes; D) expectations and targets for our results of operations; E) the outcome of pending and threatened litigation; and F) statements preceded by "believe," "expect," "anticipate," "foresee," "target" or similar expressions are forward-looking statements. Because these statements involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors that could cause these differences include, but are not limited to: 1) developments in the mobile communications industry and the broader mobility industry, including the development of the mobile software and services market, as well as industry consolidation and other structural changes; 2) timing and success of the introduction and roll out of new products and solutions; 3) demand for and market acceptance of our products and solutions; 4) the impact of changes in technology and the success of our product and solution development; 5) the intensity of competition in the mobility industry and changes in the competitive landscape; 6) our ability to control the variety of factors affecting our ability to reach our targets and give accurate forecasts; 7) pricing pressures; 8) the availability of new products and services by network operators and other market participants; 9) general economic conditions globally and in our most important markets; 10) our success in maintaining efficient manufacturing and logistics as well as the high quality of our products and solutions; 11) inventory management risks resulting from shifts in market demand; 12) our ability to source quality components without interruption and at acceptable prices; 13) our success in collaboration arrangements relating to technologies, software or new products and solutions; 14) the success, financial condition, and performance of our collaboration partners, suppliers and customers; 15) any disruption to information technology systems and networks that our operations rely on; 16) our ability to have access to the complex technology involving patents and other intellectual property rights included in our products and solutions at commercially acceptable terms and without infringing any protected intellectual property rights; 17) developments under large, multi-year contracts or in relation to major customers; 18) the management of our customer financing exposure; 19) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the UK pound sterling and the Japanese yen; 20) our ability to recruit, retain and develop appropriately skilled employees; 21) our ability to implement our new organizational structure; and 22) the impact of changes in government policies, laws or regulations; as well as 23) the risk factors specified on pages 12 to 21 of the company's Form 20-F for the year ended December 31, 2003 under "Item 3.D Risk Factors."

# 4Q04 Highlights

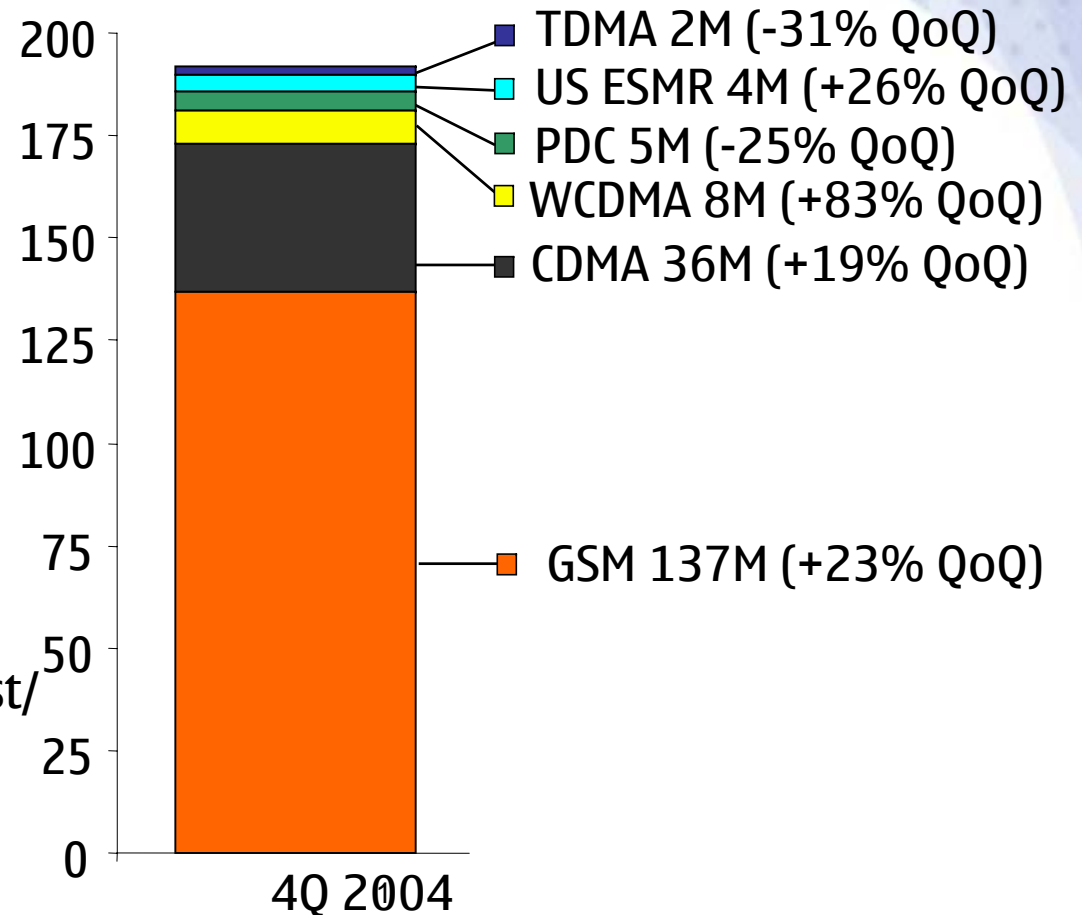
- 4Q04 net sales EUR 9.1 billion (+3% YoY, at constant currency +8% YoY)
  - 2004 net sales EUR 29.3 billion (-1% YoY, at constant currency +6% YoY)
- Two consecutive quarters of mobile device market share gains
  - Estimated Mobile device market share 34%
- Improving mobile device portfolio
  - Share of mid-range price point devices increased sequentially
  - Imaging and Enterprise device growth strong
- Strong mobile device market growth
- Nokia increases market share in an industry record quarter
- Nokia able to capture upside even against a plan that was already stretching its capacity limits
- Networks exceeds sales plans in all regions with excellent profitability
- Networks establishes itself as a clear WCDMA market leader in APAC

# Global Device Market in 4Q04

Volumes by Region



Volumes by Technology



- Mobile device market volume grew sequentially from 159 M to 194 M (+22% QoQ)
- Number of global subscriptions reached 1.7 billion (cellular penetration 27%)
- Nokia mobile device volume 66.1 million (+29% QoQ and +19% YoY)

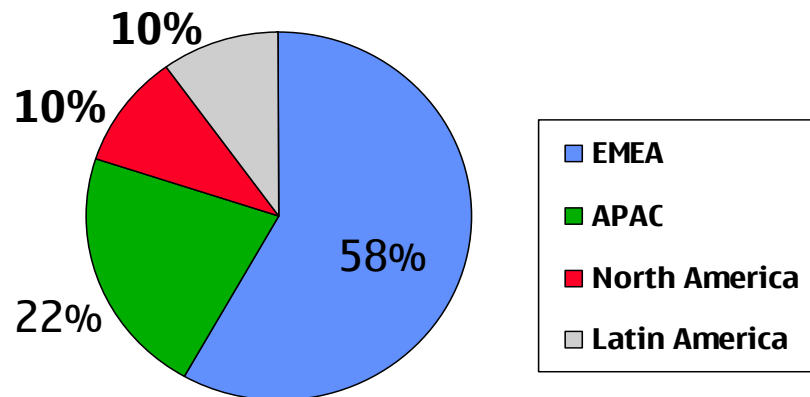
# Nokia Device Market Share

- Nokia 4Q device market share improved sequentially for second consecutive quarter
- 4Q estimated mobile device market share 34%, up by 170 basis points sequentially
  - Solid sequential device market share improvement in APAC, China and EMEA
  - Stable market share in the Americas
- 2004 Nokia mobile device volume reaches 207.7 million units and market share 32%
- Nokia device channel inventories at normal levels

# Mobile Phones Business Group

	4Q04	QoQ	3Q04	YoY	4Q03
<b>Sales (MEUR)</b>	5 660	28%	4 429	-6%	6 038
<b>OM%</b>	18.7%		18.6%		28.1%

## Geographic Distribution of Sales



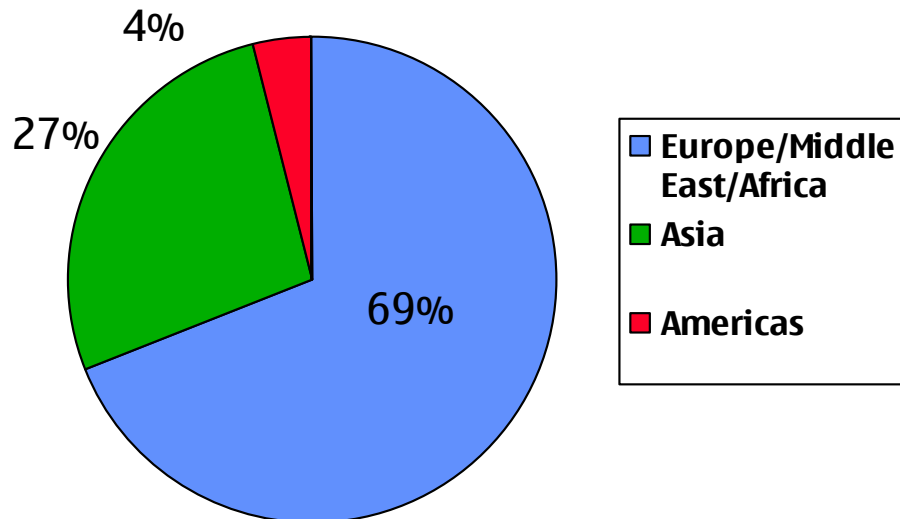
- Announced seven new products
- Started to ship nine new products
- Strong sequential sales momentum (up 28%)
- Revenue and volume exceeded forecast
- Non-monoblock form factors reached nearly 10% of total 4Q04 value
- TOP5 products by revenue: Nokia 6230, Nokia 6610i, Nokia 3220, Nokia 1100 and Nokia 3100

# Multimedia Business Group

	4Q04	QoQ	3Q04	YoY	4Q03
<b>Sales (MEUR)</b>	1 230	35%	914	29%	953
<b>OM%</b>	13.3%		9.5%		11.2%

- Strong sequential sales momentum (up 35%)
- Volumes exceeded plan
- New products  
Nokia 6630 (WCDMA) and Nokia 6670 had rapid ramp-ups
- Nokia 6600 – and Nokia 7610, Nokia 6630 and Nokia 6670 with one megapixel+ camera, were the top products in terms of units
- Exceeded previous high-water mark for segment operating margin from 4Q03 by over 200bps

## Geographic Distribution of Sales



# Enterprise Solutions Business Group

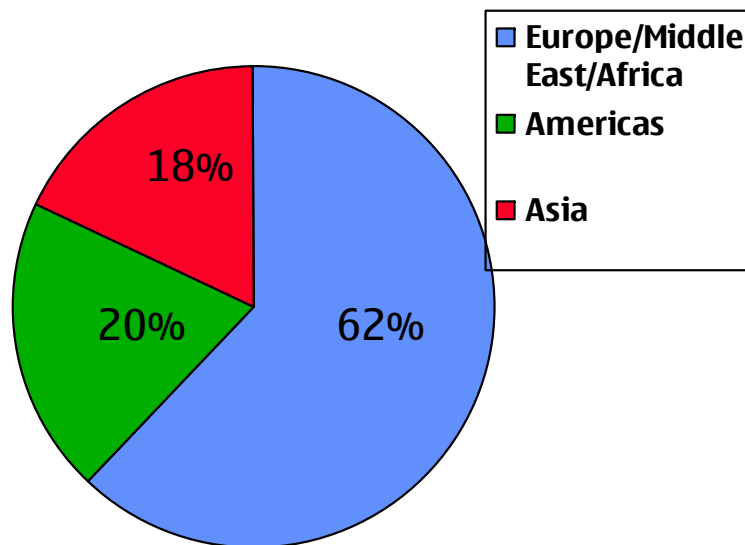
	4Q04	QoQ	3Q04	YoY	4Q03
Sales (MEUR)	280	63%	172	122%	126
OM%	-15.4%		-38.4%		-46.8%



N9500

N9300

## Geographic Distribution of Sales



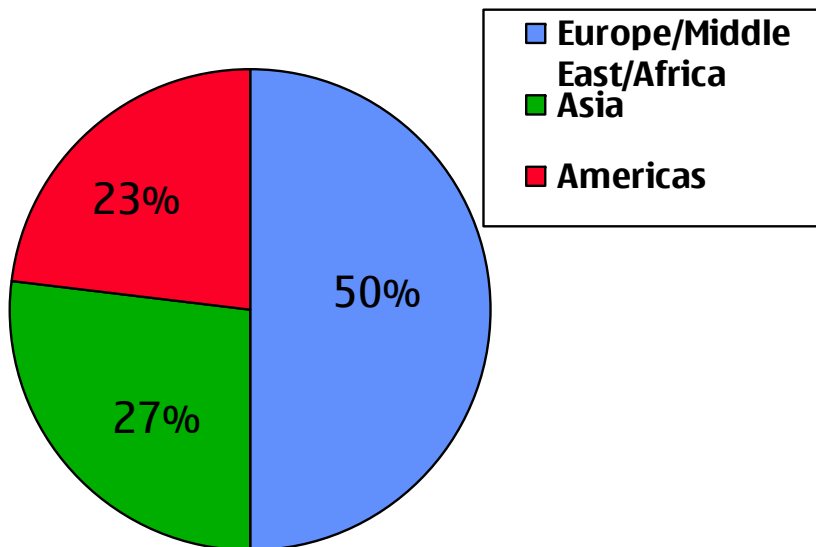
- Achieved sequential and year-on-year sales growth in both devices and high-end firewalls
- Shipments of Nokia 9500 started in 4Q04
- Nokia 9300 started to ship now in 1Q05

# Networks Business Group

	4Q04	QoQ	3Q04	YoY	4Q03
Sales (MEUR)	1 906	30%	1 470	12%	1 706
OM%	13.6%		12.3%		2.4%



## Geographic Distribution of Sales



- Sales grew 30% QoQ due to robust year-end spending
- Profitability remained at an excellent level of nearly 14%
- In 2005, we expect the recent footprint wins in new geographies to put pressure on margins

# Profit & Loss Statement

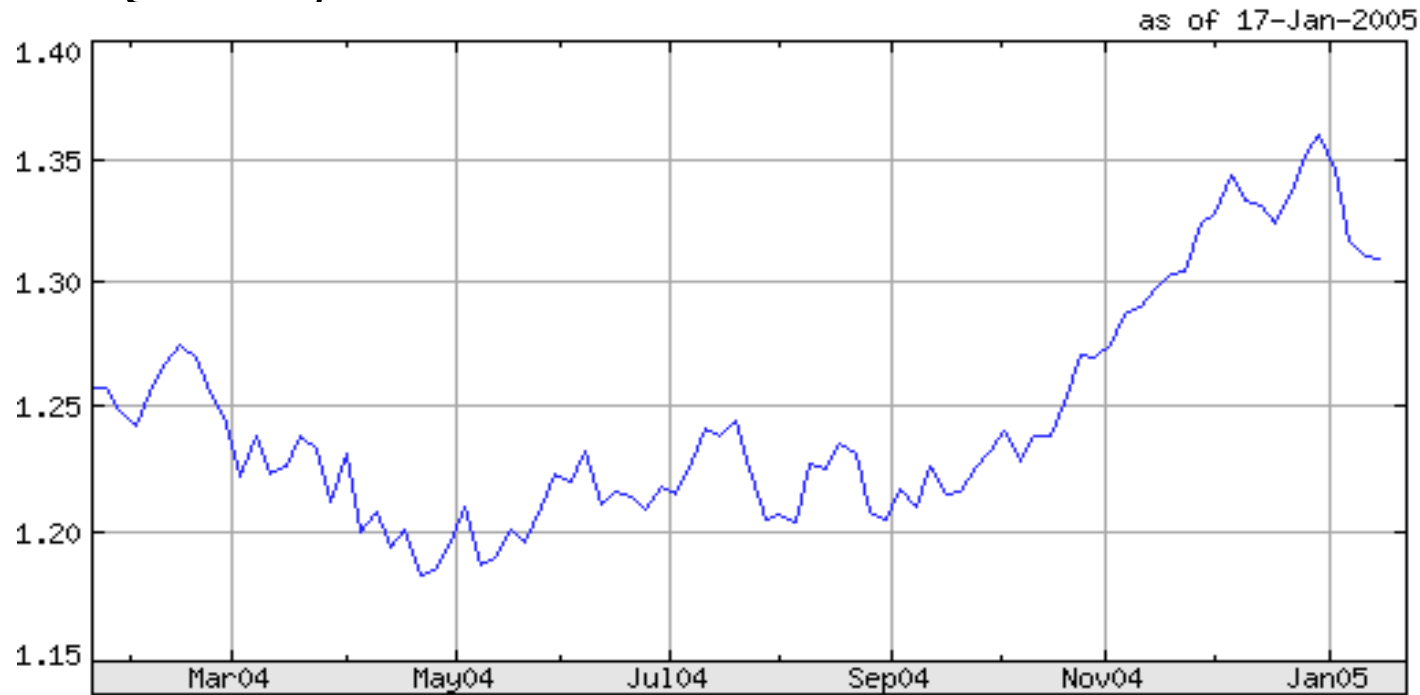
EUR (million)	4Q 2004	4Q 2003	YoY	3Q 2004	QoQ
<b>Net sales</b>	<b>9 063</b>	<b>8 789</b>	3%	<b>6 939</b>	31%
Constant currency			8%		31%
<b>Gross Margin</b>	<b>3 373</b>	<b>3 845</b>	-12%	<b>2 529</b>	33%
GM% of Sales	37.2%	43.7%		36.4%	
<b>Research and development expenses</b>	<b>1 053</b>	<b>987</b>	7%	<b>880</b>	20%
R&D % of sales	11.6%	11.2%		12.7%	
<b>Selling, general and admin. expenses</b>	<b>977</b>	<b>1 000</b>	-2%	<b>717</b>	36%
SG&A % of sales	10.8%	11.4%		10.3%	
<b>Operating profit</b>	<b>1 357</b>	<b>1 669</b>	-19%	<b>932</b>	46%
Operating Margin	15.0%	19.0%		13.4%	
<b>Profit before tax and minority interests</b>	<b>1 463</b>	<b>1 731</b>	-15%	<b>1 000</b>	46%
<b>Net profit</b>	<b>1 019</b>	<b>1 168</b>	-13%	<b>660</b>	54%
<b>Diluted EPS (EUR)</b>	<b>0.23</b>	<b>0.25</b>	-8%	<b>0.14</b>	64%

# Special Items – 4Q04

- NET R&D Impairment Charge: - EUR 50 million (R&D Charge)
- Insurance Premium Recovery: + EUR 50 million (Other Income)
- Nextrom Divestiture: - EUR 12 million (Other Expenses)
- France Telecom Bond: + EUR 35 million (Financial Income)
- *4Q 2004 impact from one-time items: negligible*

# Currency

- Nokia 2004 Reported Sales Growth: -1%
- Nokia 2004 Constant Currency Sales Growth: 6%
- Nokia 4Q 2004 Reported Sales Growth: 3%
- Nokia 4Q 2004 Constant Currency Sales Growth: 8%
- 4Q04 EUR/USD average rate for P&L: 1.2545
- 1Q05 EUR/USD Plan rate:1.3345



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# R&D in Business Groups

EUR (million)	4Q 2004	4Q 2003	YoY	3Q 2004	QoQ
<b>Mobile Phones R&amp;D</b>	<b>337</b>	<b>272</b>	24%	<b>294</b>	15%
MP R&D% of Sales	6.0%	4.5%		6.6%	
<b>Multimedia R&amp;D</b>	<b>217</b>	<b>194</b>	12%	<b>185</b>	17%
M R&D% of Sales	17.6%	20.4%		20.2%	
<b>Esterprise Solutions R&amp;D</b>	<b>84</b>	<b>68</b>	24%	<b>72</b>	17%
ES R&D% of Sales	30.0%	54.0%		41.9%	
<b>Networks R&amp;D (*)</b>	<b>350</b>	<b>388</b>	-10%	<b>271</b>	29%
NET R&D% of Sales	18.4%	22.7%		18.4%	
NET R&D% of Sales excl. impairment	15.7%	16.4%		15.9%	
<b>Common Group R&amp;D</b>	<b>65</b>	<b>65</b>	0%	<b>58</b>	12%
<b>Nokia R&amp;D</b>	<b>1 053</b>	<b>987</b>	7%	<b>880</b>	20%
R&D % of sales	11.6%	11.2%		12.7%	

\*) Includes impairments: 4Q04 EUR 50 million, 3Q04<sup>3</sup> EUR 38 million, 4Q03 EUR 108 million **NOKIA**

# Balance Sheet & Cash Flow Metrics

EUR (million)	4Q 2004	4Q 2003	YoY	3Q 2004	QoQ
<b>Inventories</b>	1 305	1 169	12%	1 261	3%
<b>Accounts Receivable</b>	4 382	5 231	-16%	4 111	7%
<b>Accounts Payable</b>	2 669	2 919	-9%	2 855	-7%
<b>Operating Cash Flow</b>	769	1 285	-40%	1 183	-35%
<b>Capital Expenditure</b>	227	118	92%	144	58%
<b>Depreciation</b>	231	278	-17%	205	13%
<b>Cash and Other liquid assets</b>	11 542	12 112	-5%	11 787	-2%
<b>Gearing (Net-Debt ratio)</b>	-78%	-71%		-81%	
<b>Distributions</b>	727	600		526	
Dividends					
Buybacks	727	600	21%	526	38%

# 2005 changes applicable to Nokia

- Changes in IFRS
  - IFRS 2 Share-based payments
  - IFRS 3 Business Combinations, Impairment of assets and Intangible Assets
  - IFRS 39 Hedge Accounting
- Disclosure
  - full P&L per Business Group on a quarterly basis
  - ASP
- Finnish Tax Rate: 29% to 26% - reduces Nokia estimated tax rate to 28%-29%
- Buyback limit: increase from 5% up to 10%

# Distributions to Shareholders

## Board Proposals to Annual General Meeting (April 7, 2005)

- Dividend: EUR 0.33 per share (10% increase)
- Share cancellation:
  - all shares in treasury at time of AGM
- Buyback proposal:
  - Up to 443,2 million shares (nearly 10% of share capital) subject to law approval
  - Maximum EUR 5 billion

# Guidance and Market Outlook

- 1Q05 financial guidance
  - Net Sales EUR 7.0 billion - EUR 7.3 billion
  - EPS (diluted) EUR 0.12 – 0.15
  - EPS guidance includes EUR 1.0 cent–EUR 1.5 cent impact from restructuring charges announced to date
- 1Q05 global mobile device market volume expected to exceed 160 million units
- 1Q05 Nokia expected to consolidate earlier market share gains
- 2005 market outlook:
  - Mobile Device market: approximately 10% growth in volume growth slightly less in value terms
  - Infrastructure market slight growth in Euro terms

# 2005 Agenda

Making progress on the top priorities

- Product and portfolio improvement
- Customer satisfaction
- R&D efficiency
- Demand Supply Network
- Nokia End-to-end advantage

\* \* \* Brand \* \* \*

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