

# Conference Call

## First Quarter 2004 Financial Results

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

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

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

April 16, 2004

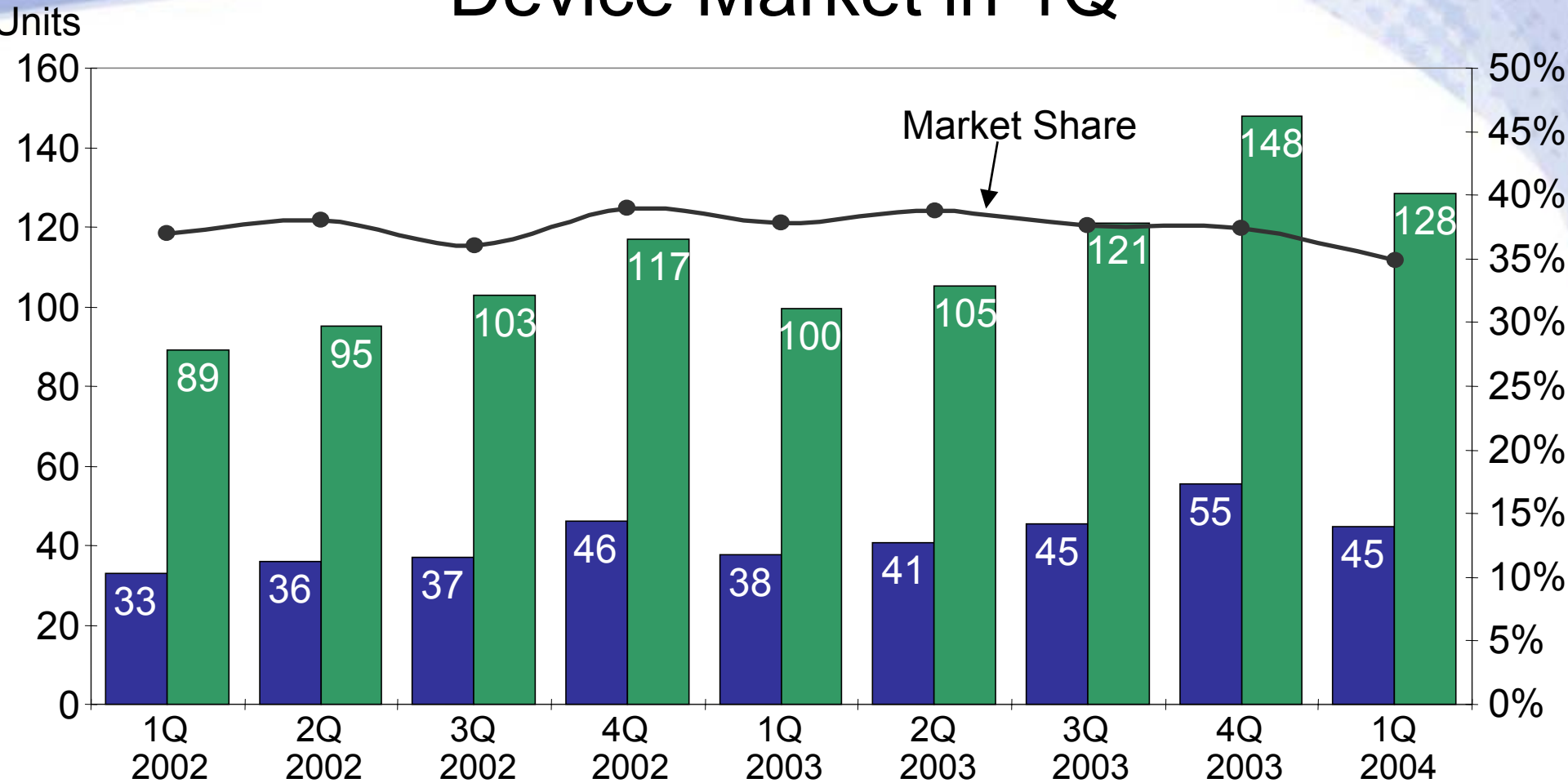
15.00 Helsinki time / 08.00 New York time



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" 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."

# Key Figures

1Q 2004 RESULTS				Constant
EUR (million)	1Q 2004	1Q 2003	% Chg	Currency
<b>Net sales</b>	<b>6,625</b>	<b>6,773</b>	<b>-2%</b>	<b>7%</b>
Mobile Phones	4,251	4,989	-15%	
Multimedia	776	484	60%	
Networks	1,415	1,217	16%	
Enterprise Solutions	189	97	95%	
<b>Operating margin (%)</b>	<b>17.2</b>	<b>20.2</b>		
Mobile Phones	25.6	29.0		
Multimedia	0.3	-8.5		
Networks	12.9	7.0		
Enterprise Solutions	-16.4	-95.9		
<b>Net profit</b>	<b>816</b>	<b>977</b>	<b>-15%</b>	
<b>EPS, EUR Diluted</b>	<b>0.17</b>	<b>0.20</b>	<b>-15%</b>	
Operating Cash Flow	1,013	1,385		

# Device Market in 1Q

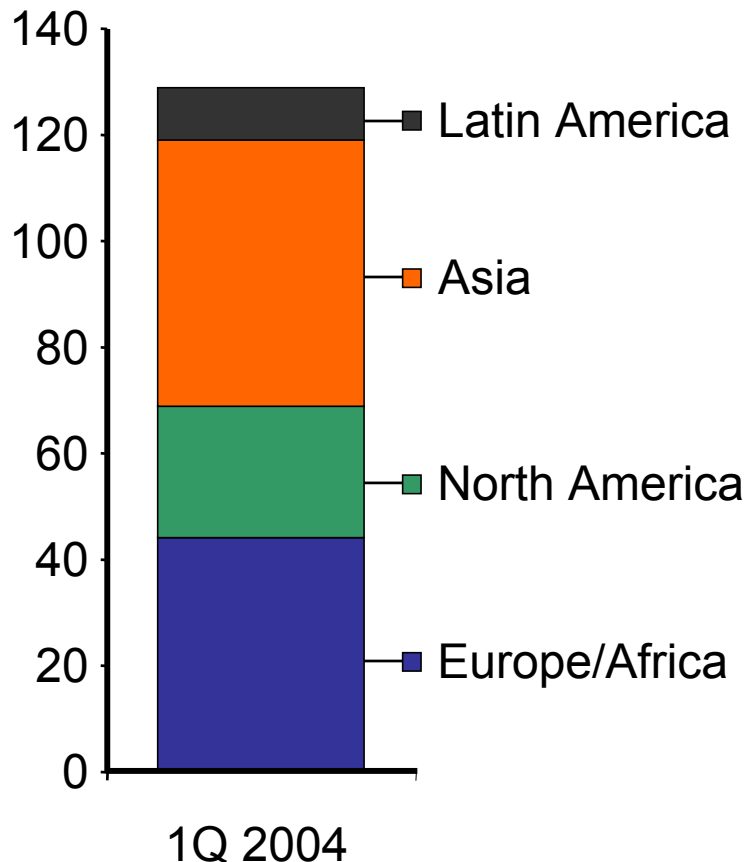


Nokia  Market 

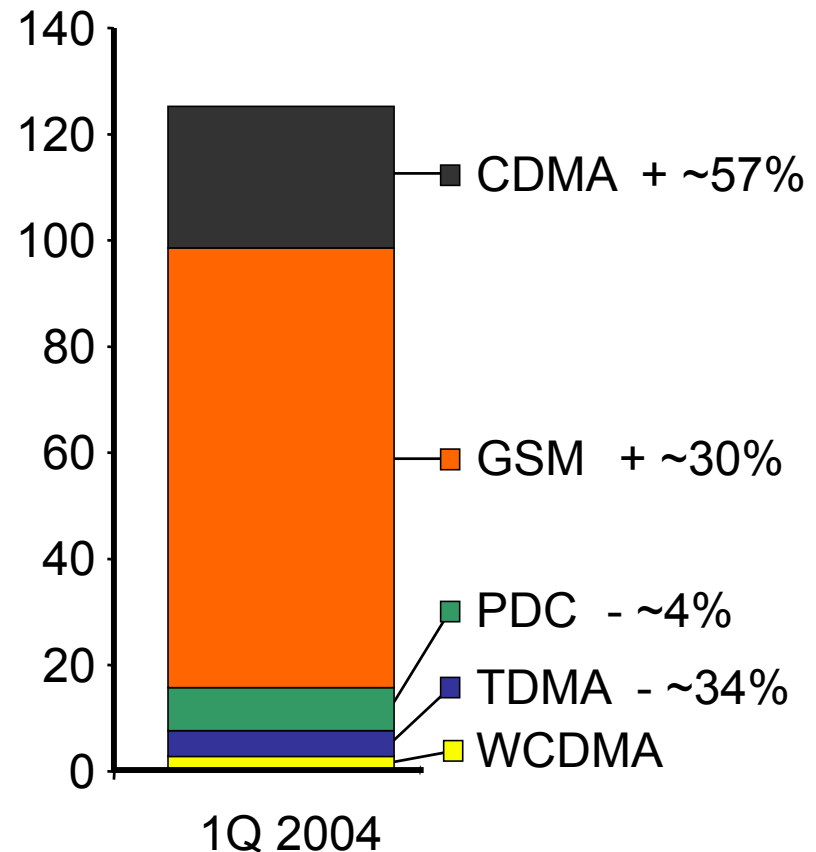
- Mobile device market volume grew YoY ~29% to 128 million units
- Nokia volume grew YoY ~19% to 44.7 million units
- Nokia market share estimated at 35%

# Device Market in 1Q

Volumes & Growth by Region



Volumes & Growth by Technology

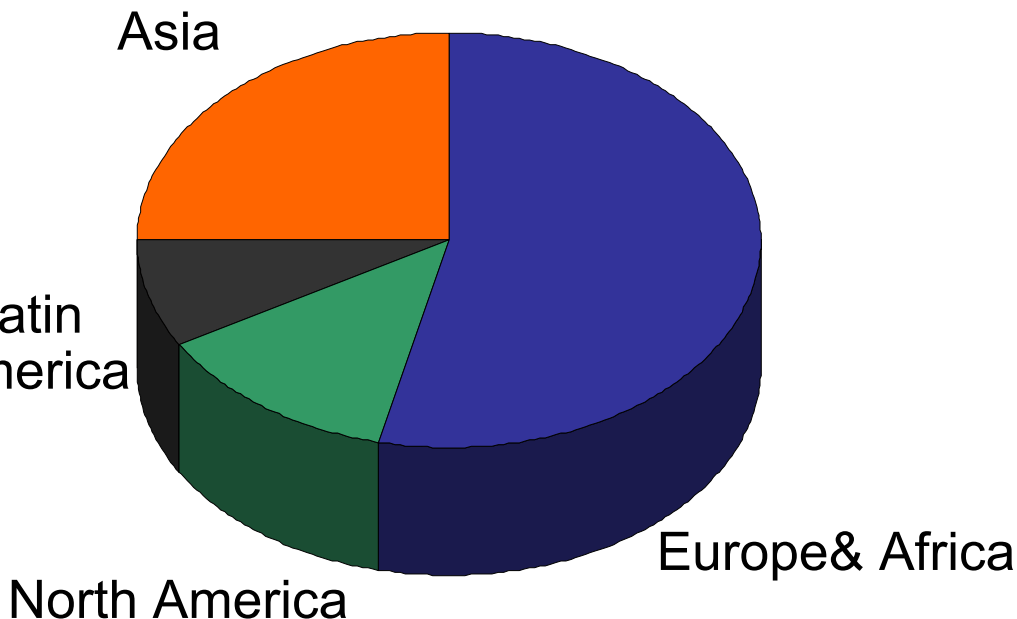


# Mobile Phones Business Group

## P&L Basics

EUR (million)	1Q 2004	1Q 2003	% Chg
Sales	4,251	4,989	-15%
Operating margin	25.6%	29.0%	

## Geographic Distribution of Sales



## Sales Drivers

- Latin America –strong volume growth
- North America – stable; positive volume growth muted by USD weakness
- Asia – decline, USD weakness and low-end mix
- Europe – decline, weakness in mid-range product offering

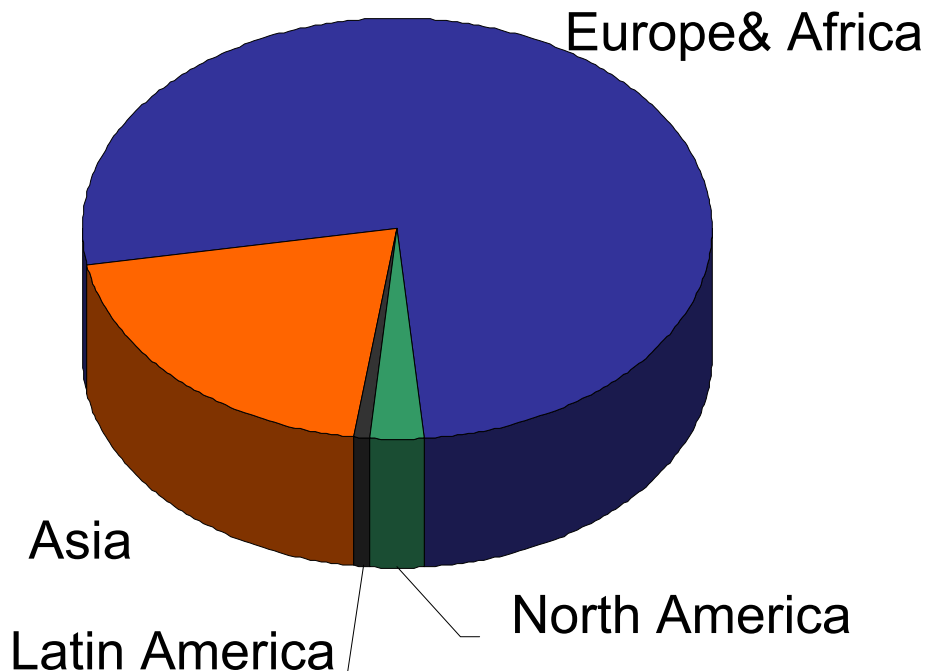


# Multimedia Business Group

## P&L Basics

QTR (million)	1Q 2004	1Q 2003	% Chg
Sales	776	484	60%
Operating margin	0.3%	-8.5%	

## Geographic Distribution of Sales



## Key Factors

- Profitability driven by Nokia 6600
- Due to limited product portfolio – short-term performance driven by individual product life cycles
- Resulting in fluctuations of quarterly sales and profitability
- Introduced first megapixel camera phone – Nokia 7610



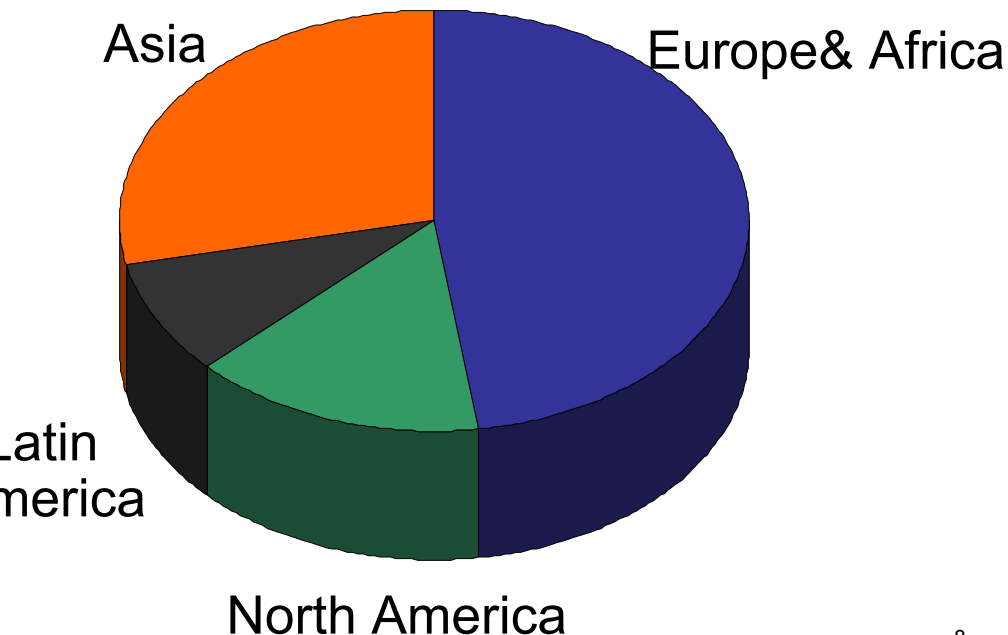
**NOKIA**

# Networks Business Group

## P&L Basics

EUR (million)	1Q 2004	1Q 2003	% Chg
Sales	1,415	1,217	16%
Operating margin	12.9%	7.0%	

## Geographic Distribution of Sales



## Key Factors

- Positive margin development driven by:
  - Higher than expected sales
  - Restructuring measures taken in 2003
- Joint leader in WCDMA
  - Cumulative sales of EUR 2.2 B
  - Supplier to 9 of 21 commercially launched networks

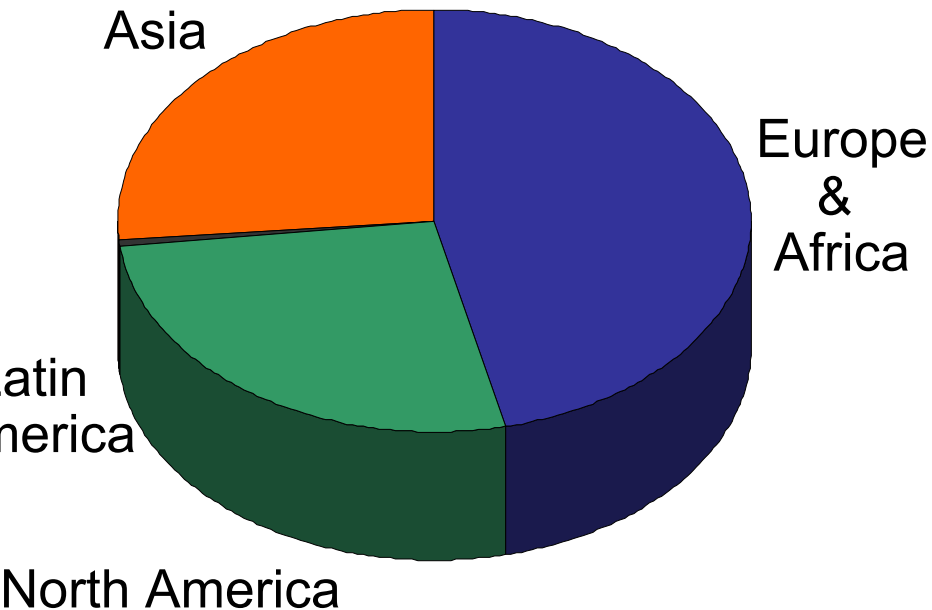


# Enterprise Solutions Business Group

## P&L Basics

EUR (million)	1Q 2004	1Q 2003	% Chg
Sales	189	97	95%
Operating margin	-16.4%	-95.9%	

## Geographic Distribution of Sales



## Key Factors

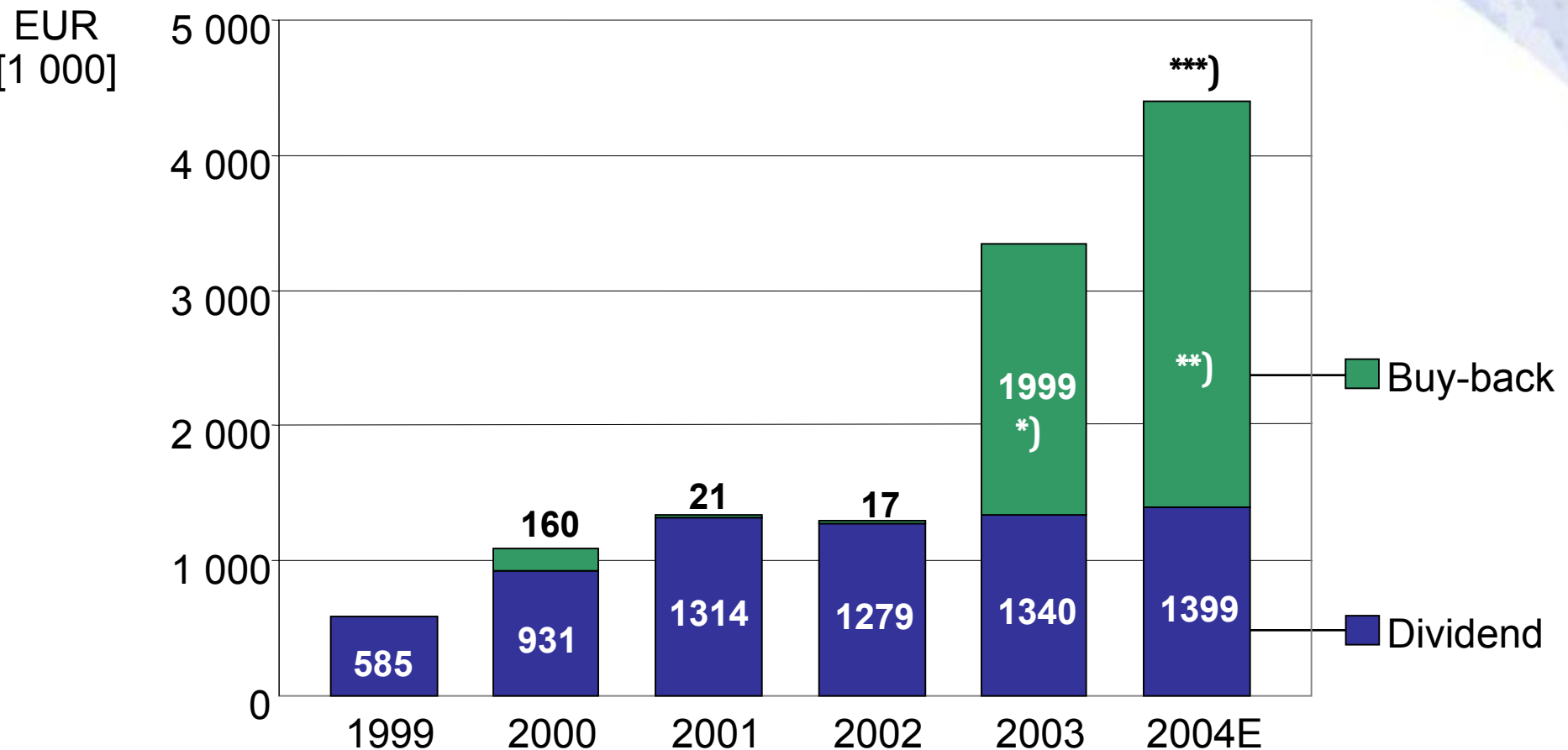
- Profitability driven by favorable product mix
- Due to limited product portfolio – short-term performance driven by individual product life cycles
- Resulting in variability of quarterly sales and profitability
- Key 1Q product – Nokia 6820



# Update on 1Q04 Finances

- Capital expenditures: EUR 80 million
  - 2004 Capex expected to remain at 2003 level
- Depreciation: EUR 191 million
  - Expected to remain on same level for remainder of 2004
- Amortization of goodwill: EUR 24 million
  - Expected to remain on same level for remainder of 2004
- No outstanding long-term customer loans remaining as of April 16, 2004
  - Guarantees on behalf of third parties EUR 33 million
  - Financing commitments EUR 85 million
- 1Q Net operating cash flow: EUR 1.0 billion
- Cash position increased to: EUR 11.4 billion
- Net debt-to-equity ratio (gearing): -77%

# Distributions to Shareholders (AGM to AGM)



\*) 2003 Share Buy-backs (2Q 2003-1Q 2004)

\*\*) 2004 Intended Share Buy-backs (authorization span 2Q 2004-1Q 2005)

\*\*\*) Intended maximum EUR 3 billion

# Guidance for 2Q 2004

- 2Q Net Sales expected to be flat or slightly below 2Q 2003 (EUR 7 billion)
- Expect diluted reported EPS range: EUR 0.13 – 0.15
- For reconciliation purposes it is important to note 2Q 2003 reported EPS included a restructuring charge of EUR 399 million related to Nokia Networks
  - Resulting in EUR 0.06 impact on reported EPS of EUR 0.13
- 2Q 2004 device market volume expected to be slightly above 1Q level
- Expected 2004 device market volume growth: High teens
- Expected 2004 infrastructure market growth: Slightly up (EUR)

# Product Portfolio



















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**NOKIA**