



Capital Market Days

Financial Update

Rick Simonson

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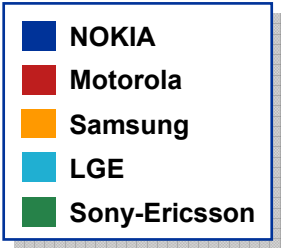
Capital Market Days

- Financial and R&D Targets
- Financial Strength
- Financial Reporting

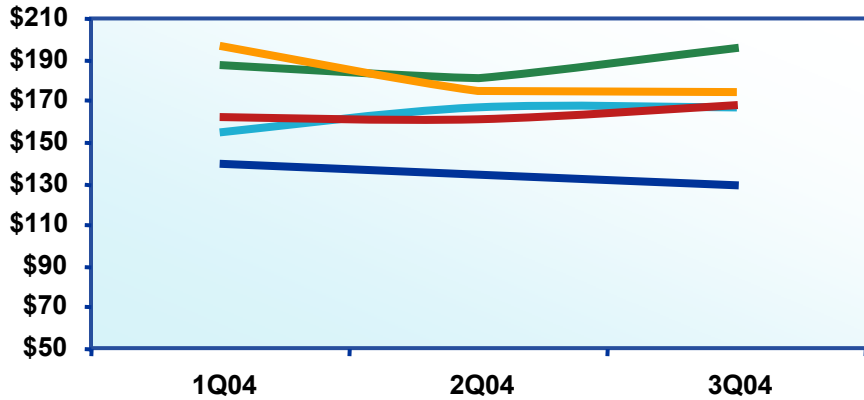
Nokia vs. peers



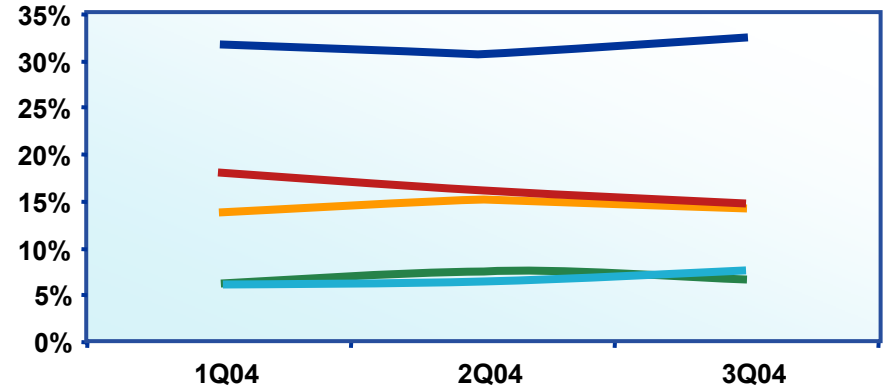
Capital Market Days



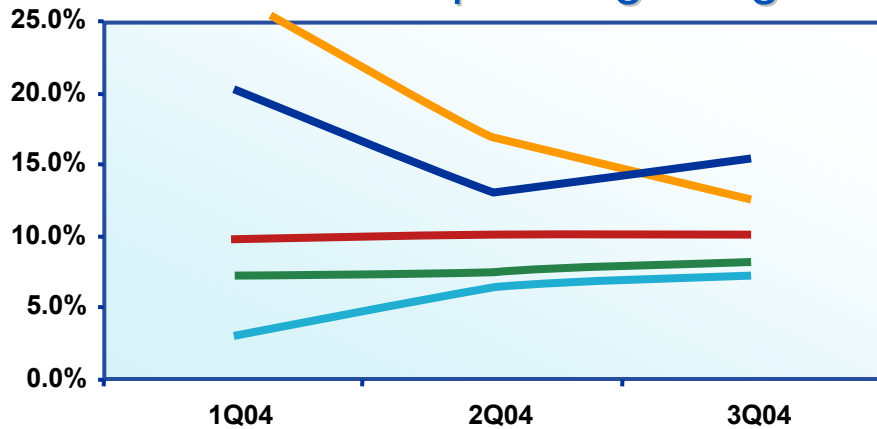
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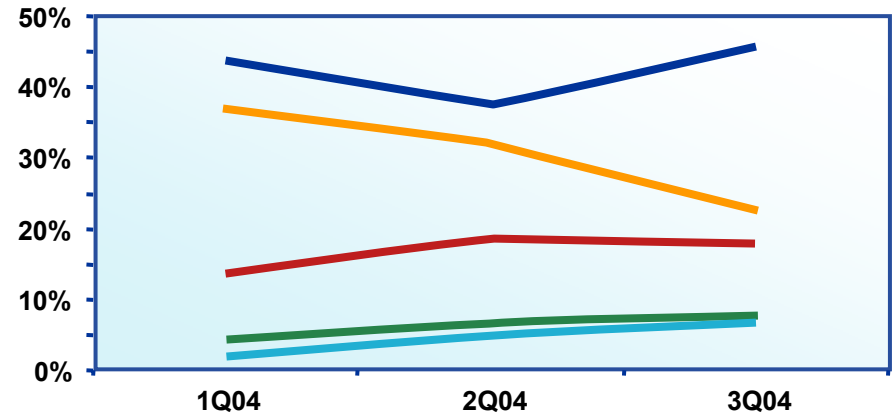
Handset Market Share



Handset Operating Margin



Percent of Top 5 Profits

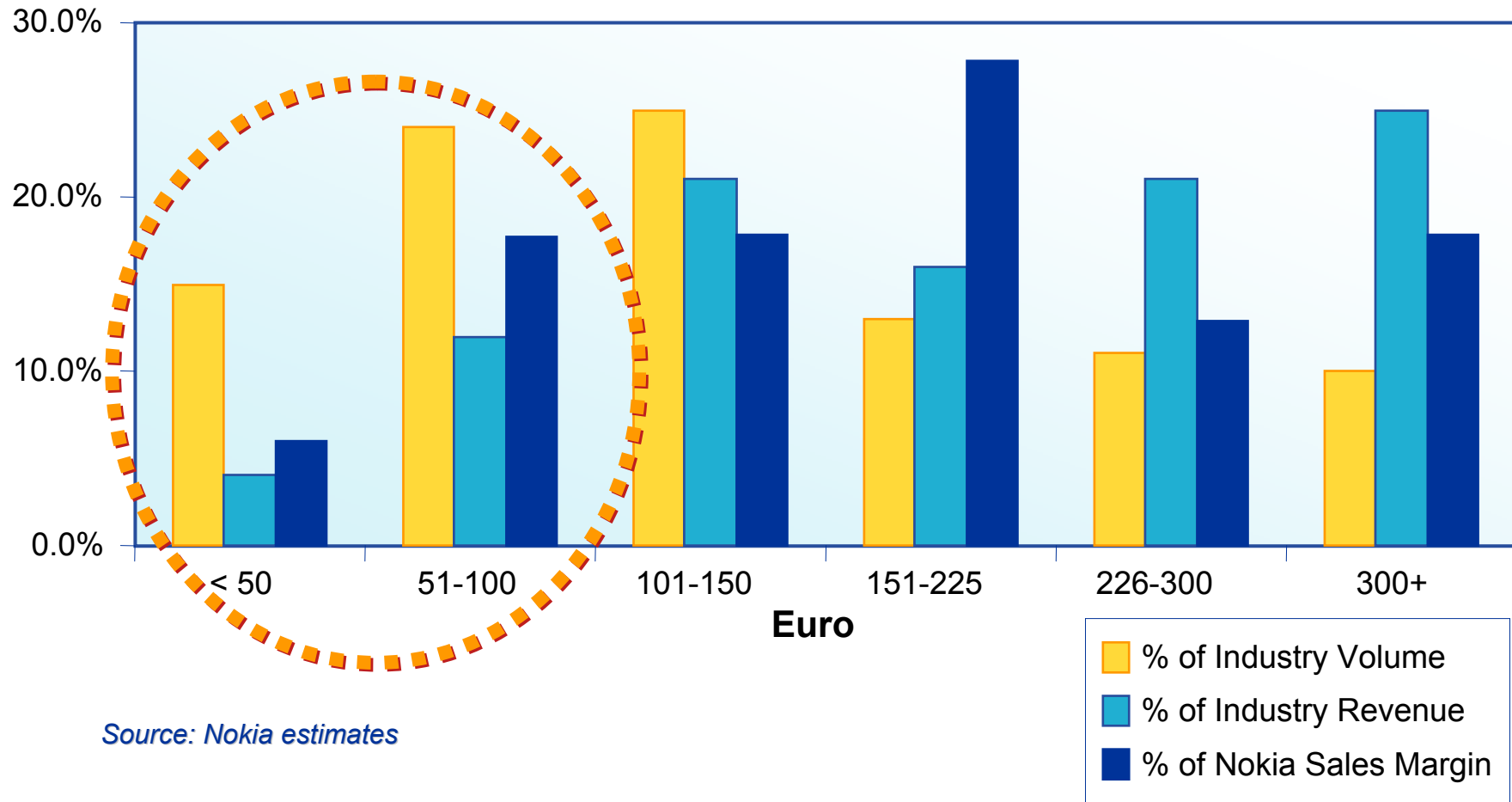


Nokia plays in the whole market



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2005 Handset Market and Nokia





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Financial Targets

Medium Term Financial Targets



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| | Target** |
|------------------|----------|
| Operating Margin | 17% |
| Devices | 17-18% |
| Infrastructure | 14% |

| | 2004* | 2005E |
|--------------------------|-------|-------|
| Tax Rate | 31% | 29% |
| Capex (m EUR) | 650+ | 600+ |
| Depr. and Amort. (m EUR) | 1000 | 1000 |

* Approx. full year estimates

** Next 2 to 3 years

R&D Targets



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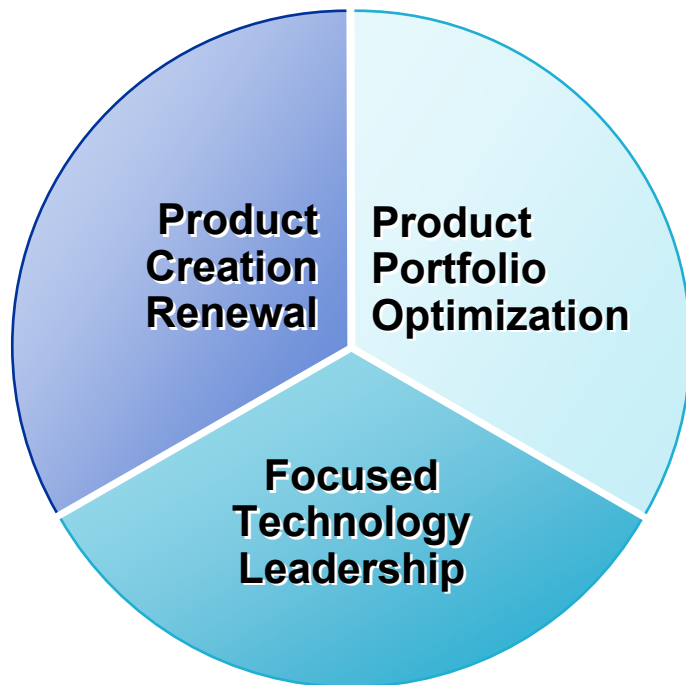
| | By End of 2006 |
|----------------|----------------|
| Nokia | 9-10% |
| Devices | 8% |
| Infrastructure | 14% |

R&D Improvement Actions



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Device R&D Improvements



Networks R&D Improvements

- R&D investments in value add core and radio
- R&D efficiency measures and incentives in place



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Financial Strength

Financial Strength



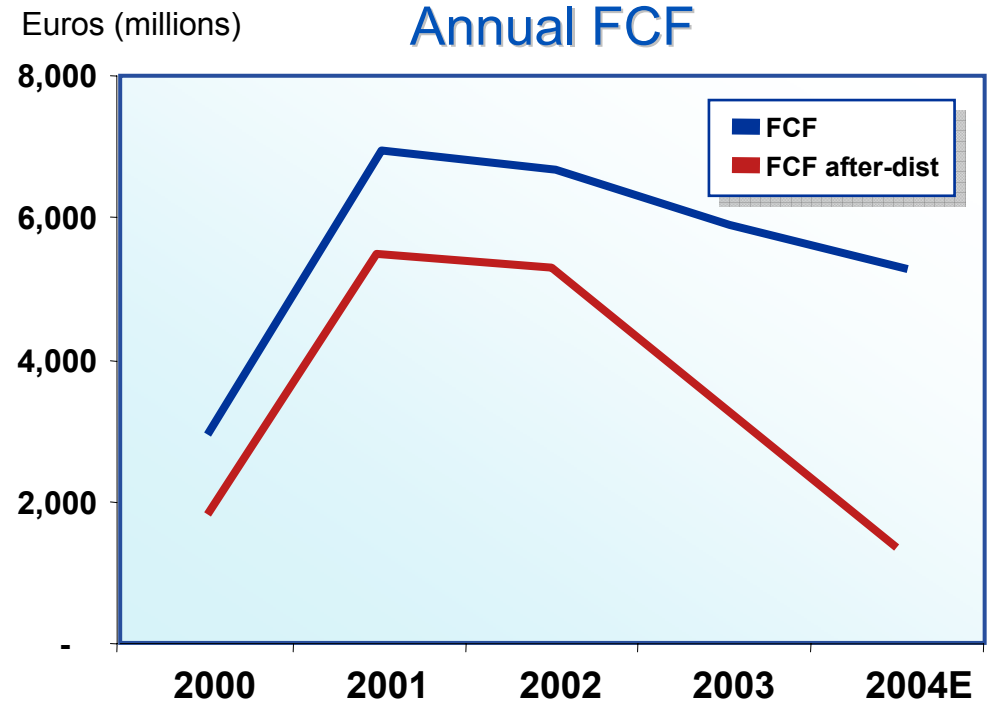
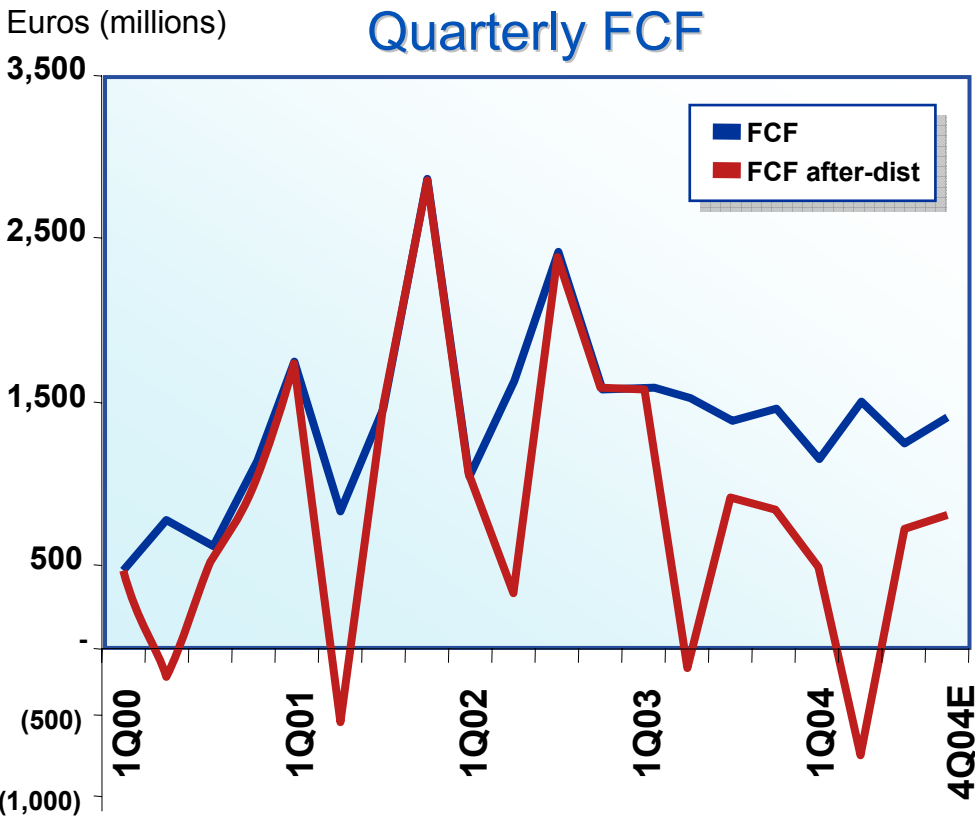
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- Financial strength and flexibility in order to:
 1. Act on growth plans
 2. Invest appropriately in R&D and Brand
 3. All the while distributing significant and historically increasing amounts to our shareholders

Cash Flow



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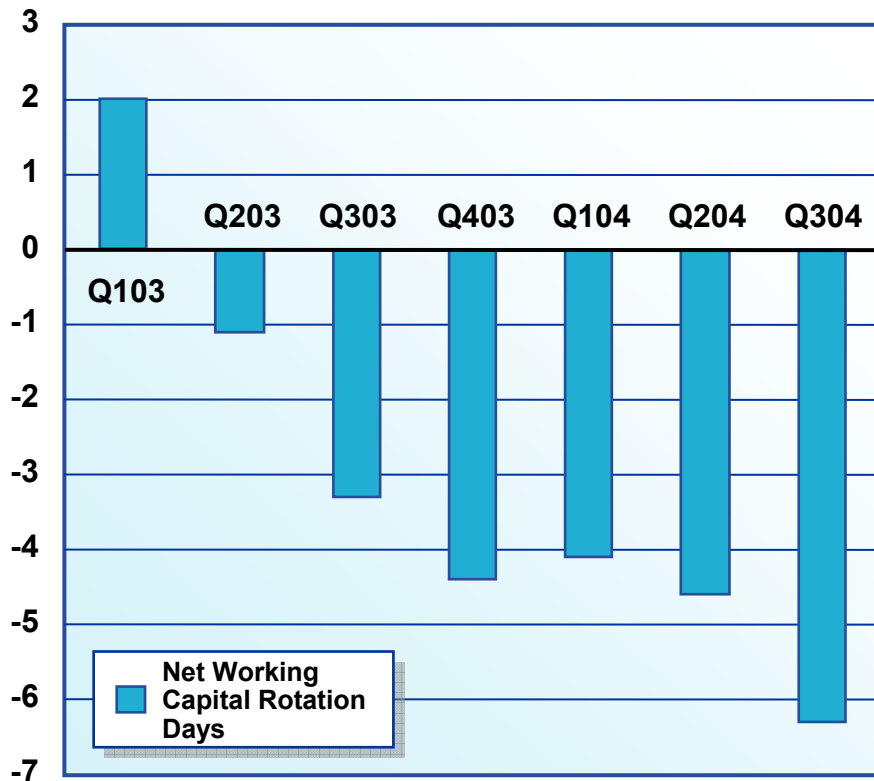


Net Working Capital Management

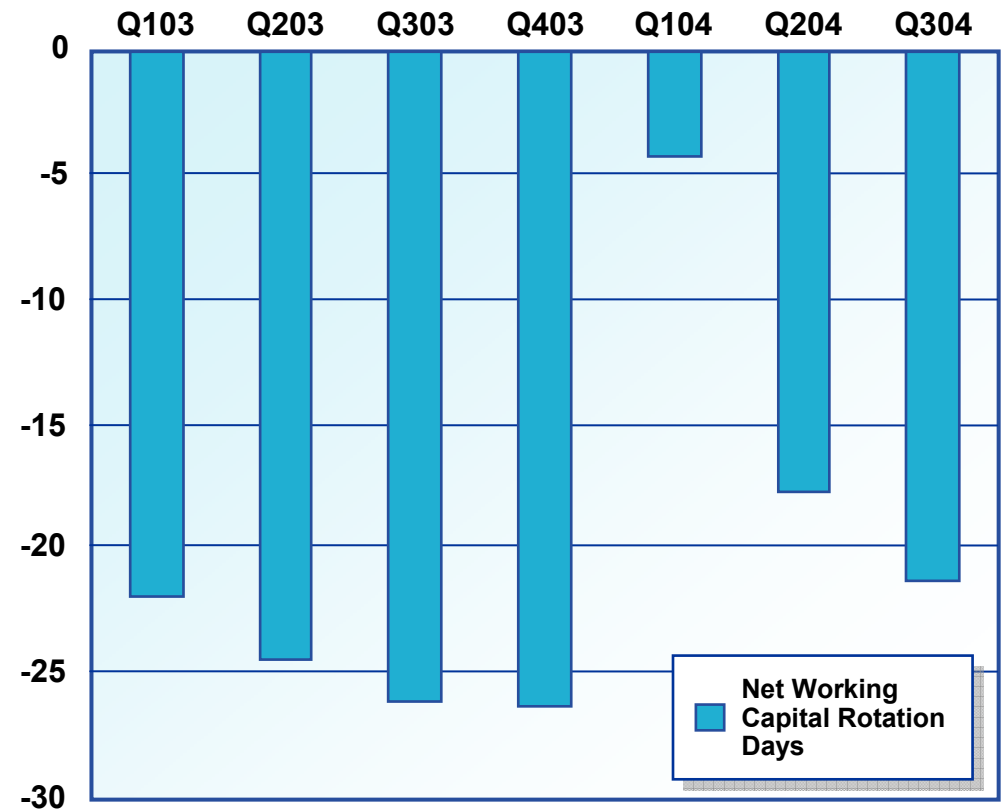


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Nokia Net Working Capital Rotation



Devices Net Working Capital Rotation



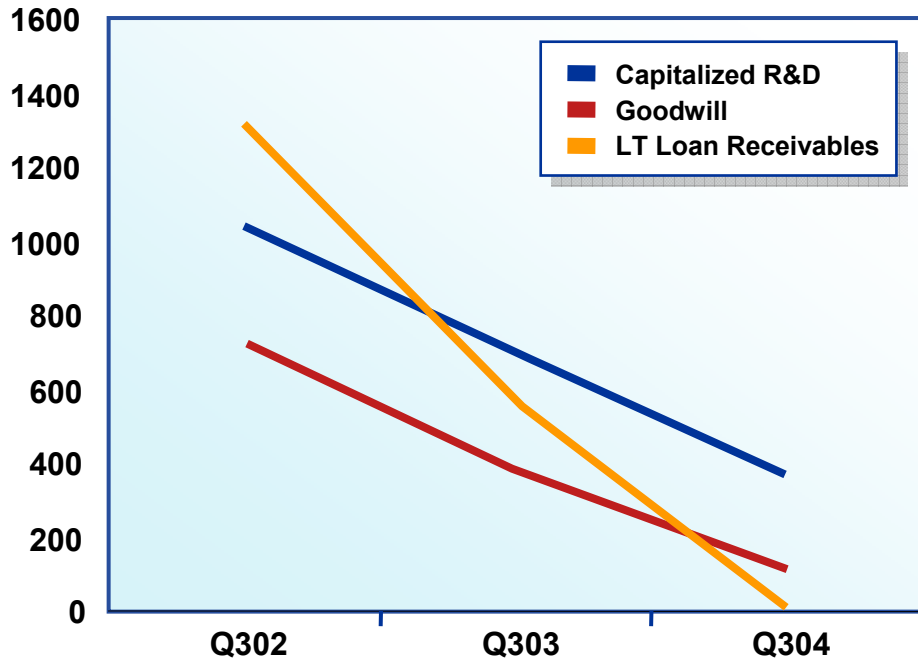
Balance Sheet



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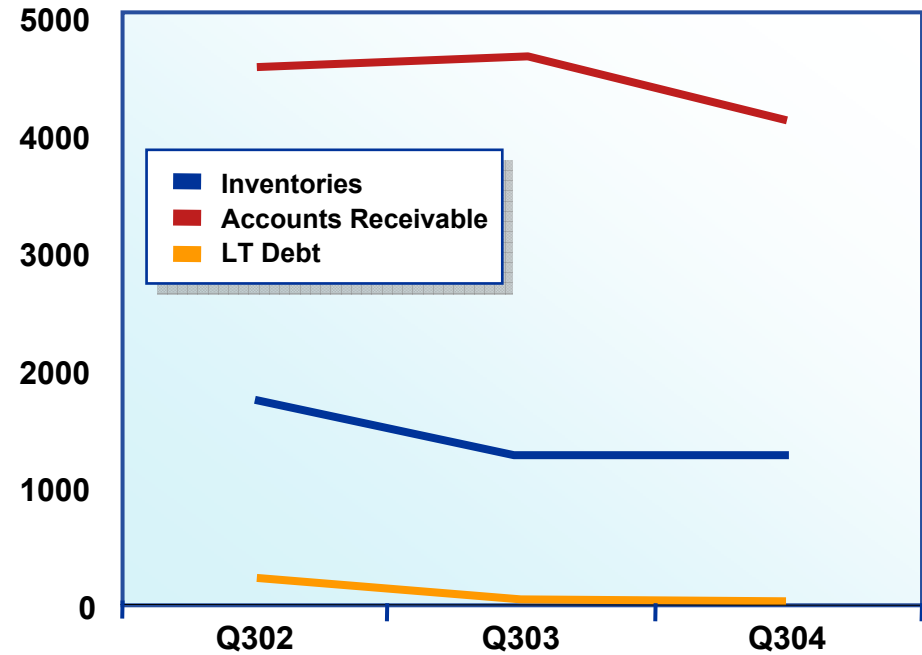
Balance Sheet 1

Euros (millions)



Balance Sheet 2

Euros (millions)

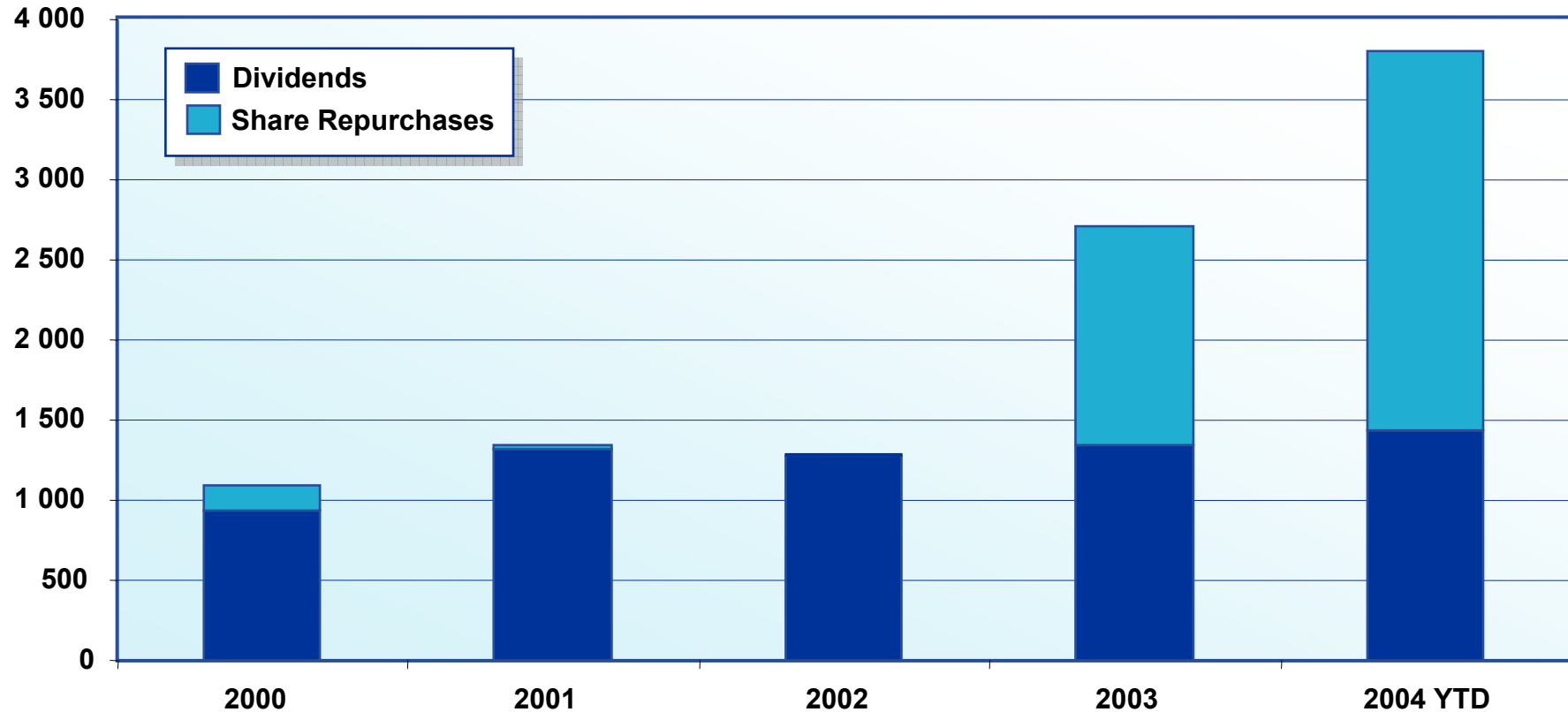


Distributions to Shareholders



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EUR (Millions)



Cash at year end

4 183

6113

9328

11 320

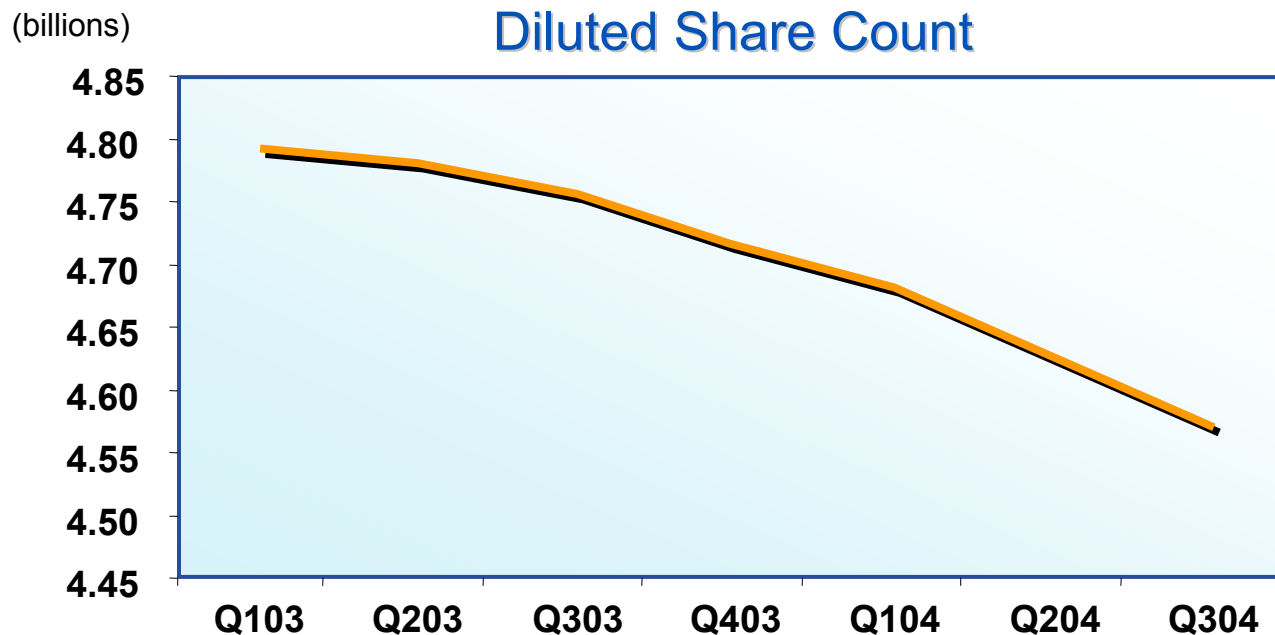
11 797
Q304

Share Count



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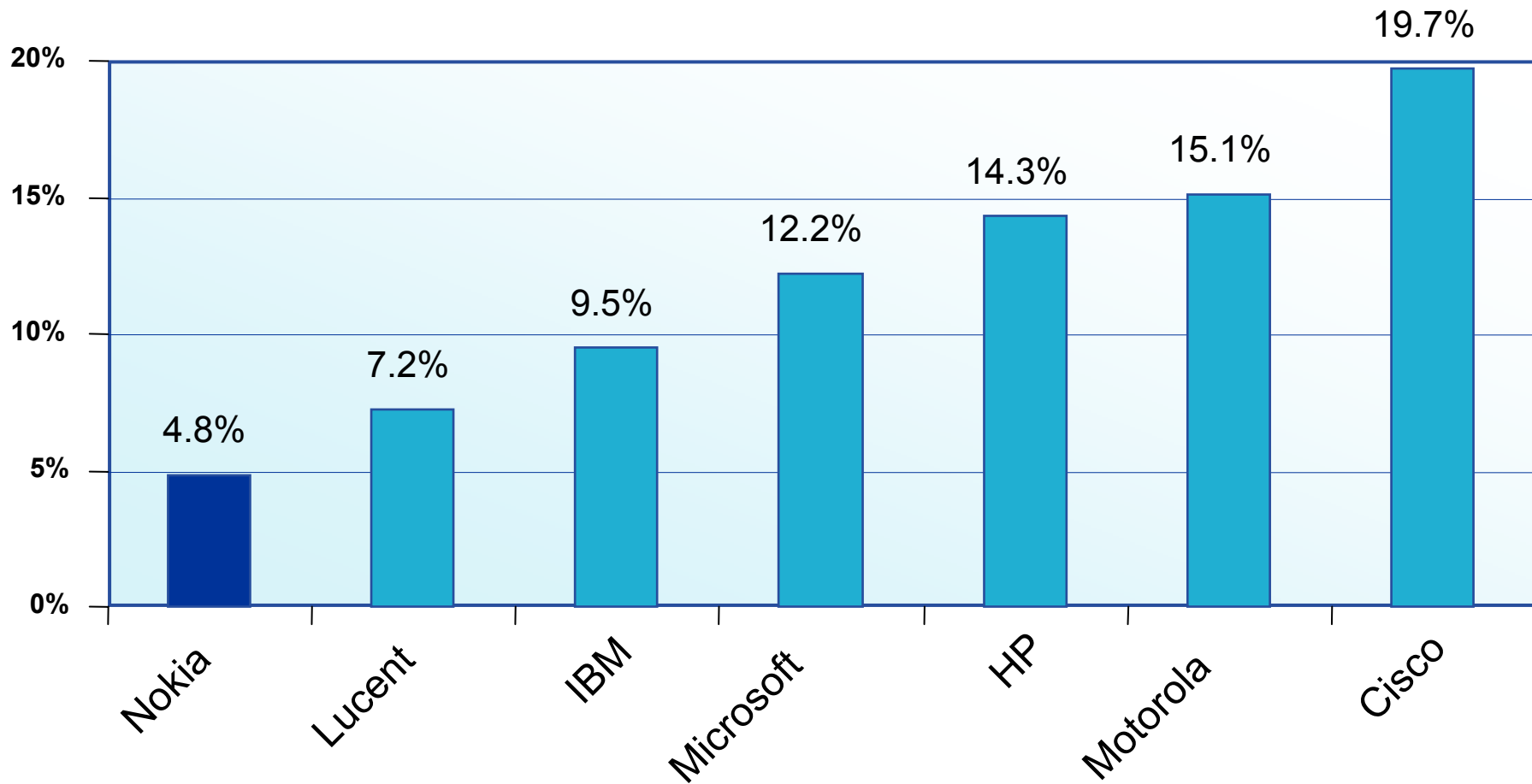
- Current Buyback Program (since March 2004 AGM)
- Repurchased 154.1 million shares
- 67% of the 230 million share authorization
- 58% of the EUR 3 billion value limit



Stock Option Dilution



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Source: Nokia and public filings



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Financial Reporting

2005 Financial Disclosure



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By Nokia Group and

- Mobile Phones
- Multimedia
- Networks
- Enterprise Solutions

Quarterly P&L Detail

- Net Sales
- Cost of Sales
- Gross Margin
- Total OPEX
 - Sales and Marketing Expenses
 - R & D Expenses
 - A & G Expenses
 - Other Inc (+) / Exp (-)
- Operating Profit

Summary



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- Maximize profits & cash flow to create shareholder value
- We have clear financial targets, priorities and incentives
- Our distribution policy is aligned with shareholders
- We continue to improve our level of disclosure and transparency
- Financial strength enables us to execute unencumbered on our business plans



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Thank you!