

# Nokia Q4 and Full Year 2006

Olli-Pekka Kallasvuo,  
President and CEO,  
Nokia

NOKIA

Press Conference  
January 25, 2006



# Forward Looking Statement

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 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 regarding our mobile device volume growth, market share, prices and margins; E) expectations and targets for our results of operations; F) the outcome of pending and threatened litigation; G) expected timing, scope and effects of the merger of Nokia's and Siemens' communications service provider businesses; and H) statements preceded by "believe," "expect," "anticipate," "foresee," "target," "estimate," "designed," "plans," "will" 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) the extent of the growth of the mobile communications industry, as well as the growth and profitability of the new market segments within that industry which we target; 2) the availability of new products and services by network operators and other market participants; 3) our ability to identify key market trends and to respond timely and successfully to the needs of our customers; 4) the impact of changes in technology and our ability to develop or otherwise acquire complex technologies as required by the market, with full rights needed to use; 5) competitiveness of our product portfolio; 6) timely and successful commercialization of new advanced products and solutions; 7) price erosion and cost management; 8) the intensity of competition in the mobile communications industry and our ability to maintain or improve our market position and respond to changes in the competitive landscape; 9) our ability to manage efficiently our manufacturing and logistics, as well as to ensure the quality, safety, security and timely delivery of our products and solutions; 10) inventory management risks resulting from shifts in market demand; 11) our ability to source quality components without interruption and at acceptable prices; 12) our success in collaboration arrangements relating to development of technologies or new products and solutions; 13) the success, financial condition and performance of our collaboration partners, suppliers and customers; 14) any disruption to information technology systems and networks that our operations rely on; 15) our ability to protect the complex technologies that we or others develop or that we license from claims that we have infringed third parties' intellectual property rights, as well as our unrestricted use on commercially acceptable terms of certain technologies in our products and solution offerings; 16) general economic conditions globally and, in particular, economic or political turmoil in emerging market countries where we do business; 17) developments under large, multi-year contracts or in relation to major customers; 18) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the Chinese yuan, the UK pound sterling and the Japanese yen; 19) the management of our customer financing exposure; 20) our ability to recruit, retain and develop appropriately skilled employees; 21) the impact of changes in government policies, laws or regulations; and 22) satisfaction of the conditions to the merger of Nokia's and Siemens' communications service provider businesses, including achievement of agreement between Nokia and Siemens on the results and consequences of a Siemens compliance review, and closing of transaction, and Nokia's and Siemens' ability to successfully integrate the operations and employees of their respective businesses; as well as 23) the risk factors specified on pages 12 - 22 of the company's annual report on Form 20-F for the year ended December 31, 2005 under "Item 3.D Risk Factors." Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Nokia does not undertake any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

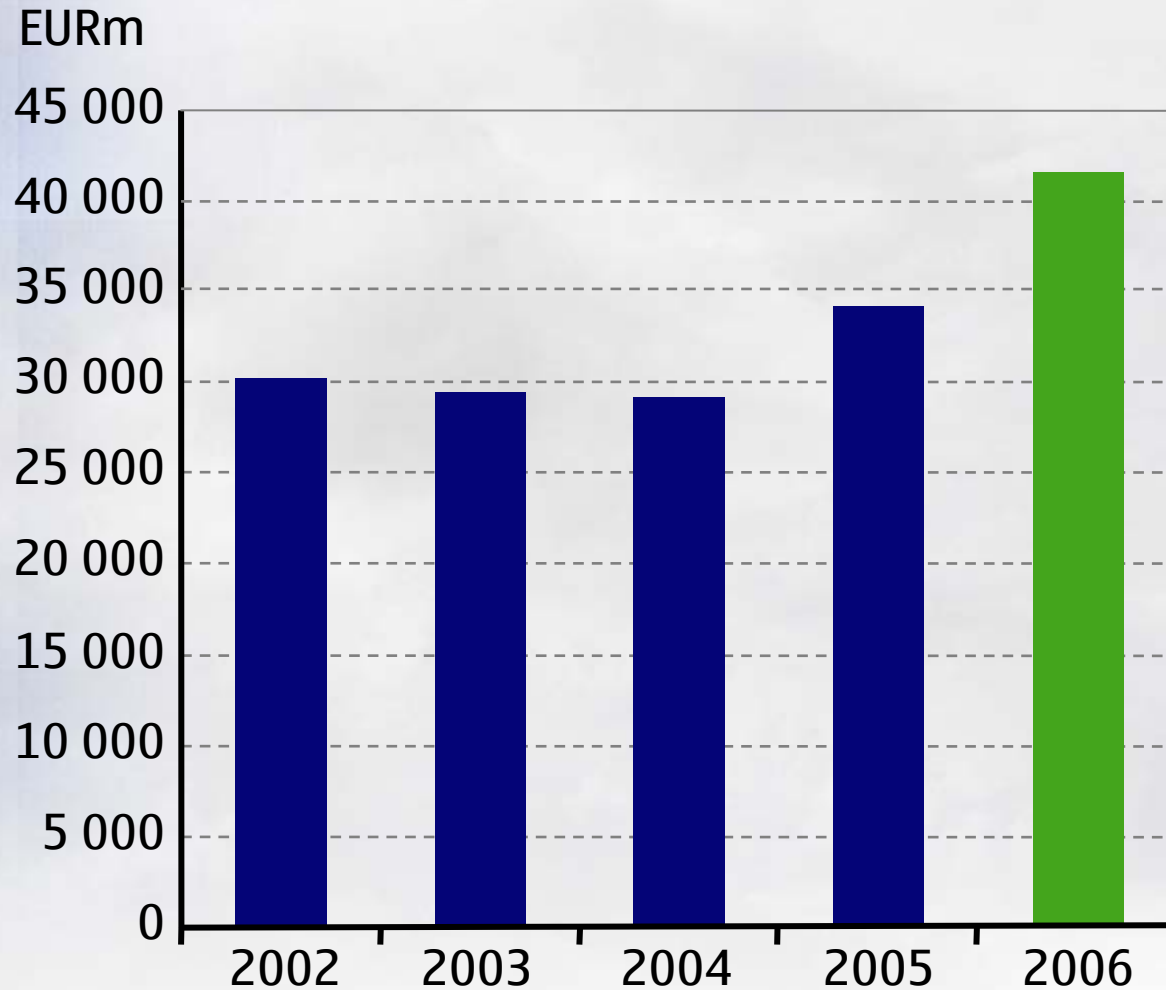
# Nokia in Q4 2006 – a Record Quarter

- Net sales 11.7 billion
  - up 16% QoQ and 13% YoY
- A record quarter in mobile devices with 106 million units shipped
  - up 26% YoY
  - Total industry volumes approx. 290 million units (19% YoY)
- Nokia's estimated mobile device market share 36%
- Significantly improved profitability
  - Nokia gross margin 32.4% (up from 30.9% in Q3, 2006)
  - Gross margins sequentially up in all business groups
- EPS (diluted) of EUR 0.32

# Nokia in 2006 – a Record Year

- Growth ahead of industry with the record volumes, net sales and EPS
  - 347 million Nokia's mobile devices shipped (up 31% YoY)
  - Industry total estimated 978 million units
  - The global # 1 in mobile devices with 36% market share (33% in 2005)
  - Net sales 41.1 billion (up 20% YoY)
  - Nokia's Networks net sales grew 14%
  - Cash flow EUR 4.5 billion
  - EPS (diluted) of EUR 1.05
  - Proposed dividend EUR 0.43 for 2006 (EUR 0.37 in 2005)

# Total Nokia Net Sales EUR 41.1 billion in 2006



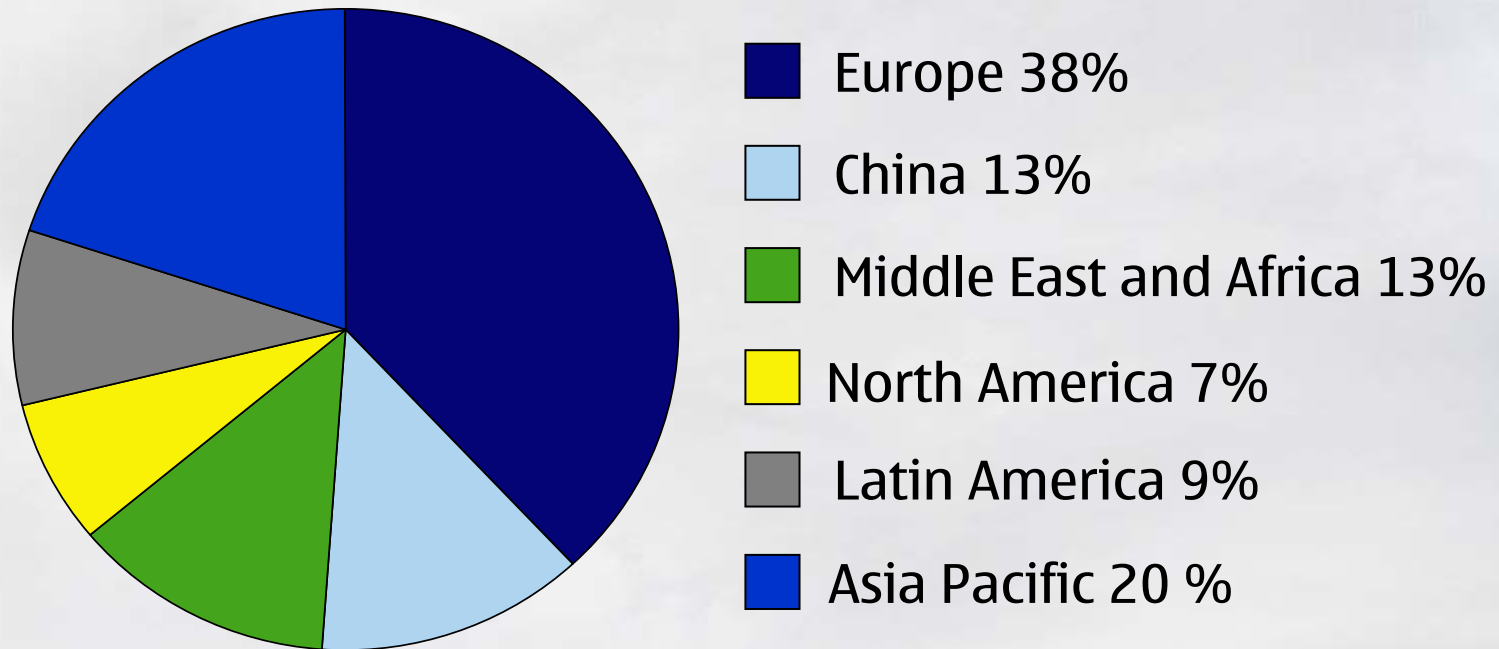
1 EUR = 1.312 USD

## Net Sales by Business Group:

Mobile Phones	60%
Multimedia	19%
Enterprise Solutions	3%
Networks	18%

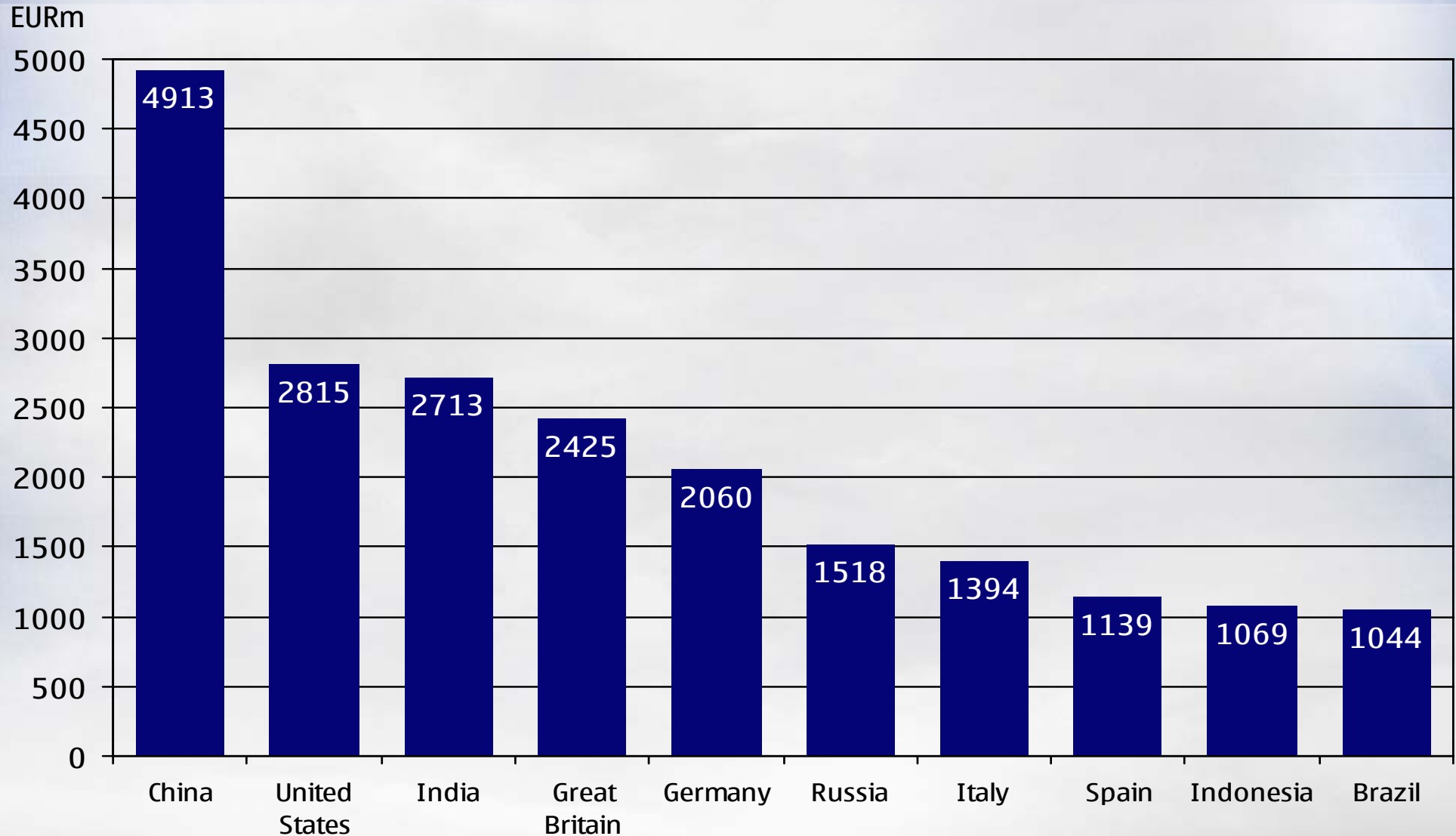
# Nokia's Global Market Presence

**Net sales 2006 EUR 41 121 million**



1 EUR = 1.312 USD

# Top Ten Nokia Markets by Net Sales 2006



# Nokia – the Industry Leader in Multipurpose Devices

Nokia is the global number one in cameras, music, converged and WCDMA devices:

- Approx. 140 million cameras sold in 2006
- Close to 70 million music devices sold in 2006
- Converged devices close to 40 million shipped in 2006 (total industry volumes approx. 80 million units)
- The market leader in WCDMA devices globally



# Nokia Siemens Networks

- Commitment of two leading parent companies
- Compelling business logic
- Strong integration planning
- Synergies identified
- Focus on creating a world-class company
  
- The Nokia Siemens Networks integration work is progressing and the joint compliance review is under way



# Outlook for 2007

- Nokia expects industry mobile device volumes in 2007 to grow by up to 10% from the approximately 978 million units Nokia estimates for 2006.
- Nokia continues to target an increase in its market share in mobile devices in 2007.
- Nokia continues to expect slight growth in the mobile and fixed infrastructure and related services market in euro terms in 2007.



A person in a yellow shirt is working on a sailboat in the background. The scene is outdoors on a grassy area. The person is holding a blue tool and a white string. The background is slightly blurred, showing a blue sky and a green field.

**Q&A**

**NOKIA**  
Connecting People