

Nokia reports pre-tax profit of FIM 4.9 billion (USD 1.1 billion) -Company announces withdrawal from television business

Nokia reported that net sales rose 40% in 1995 to FIM 36.8 billion (\$8.4 billion), when taking the effects of fluctuations in exchange rates and changes in the structure of the group into account. Operating profit for 1995 was FIM 5 012 million (\$1 148million) up from FIM 3 596 (\$758 million) in 1994, up 39%, with the operating margin at 13.6% (11.9% in 1994). Nokia's pre-tax profit increased to FIM 4 933 million (\$1 130million) from FIM 4 002 million (\$843 million). 1995 profits from continuing operations were FIM 4 087 million (\$936 million) compared with FIM 2 995 million (\$631 million) in 1994. Earnings per share from continuing operations rose 31% to FIM 14.36 (\$3.29) from FIM 10.97 (\$2.31) in 1994, adjusted for the 1995 share split. Nokia also announced a 1995 per-share dividend of FIM 3 (\$0.69).

Nokia management also announced its "difficult but inevitable" decision to withdraw from the television business. The Group stated that the financial impact of withdrawing from this business would be reported in the 1995 accounts as discontinued operations. That charge, including the operating loss incurred by the business for the full year 1995 as well as the 1996 operative loss, amounts to FIM 2 340 million (\$556 million).

Nokia President and CEO Jorma Ollila said, "Nokia in 1995 continued to experience rapid growth, strengthening its market position and market share in its principal product lines. In addition, Nokia's growth continued to be characterized by the increasing internationalization of its telecommunications business."

On the strategic steps being taken by the company to focus on its main strengths, Ollila continued, " I am convinced that this decision (to withdraw from the loss-making TV business) will help Nokia to sharpen its business focus and will enhance our potential to further develop as a telecommunications company. While withdrawing from the TV business, Nokia remains committed to pursuing its strategy in new multimedia solutions."

It should be noted that the statements which are not historical facts contained in this press release are forward looking statements that involve risks and uncertainties. In addition to the factors discussed above, among other factors that could cause actual results to differ materially from the results currently expected by the Company are the following: general economic conditions, such as the rate of economic growth in the Company's principal geographic markets or fluctuations in exchange rates; industry conditions, such as the strength of product demand, the intensity of competition, pricing pressures, the acceptability of new product introductions, the introduction of new products by competitors, changes in technology or the ability of the Company to source components from third parties without interruption and at reasonable prices; operating factors, such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development or inventory risks due to shifts in market demand, as well as the risk factors mentioned in documents filed by the Company from time to time with the SEC.

PLEASE NOTE: Nokia's results, and all year-to-year comparisons, are reported in Finnish markka. The 1995 markka-US\$ exchange used is \$1 = FIM 4.367. The 1994 markka-US\$ exchange rate used is \$1 = FIM 4.743.