

Nokia in 1997: Record year of high profits

Million FIM	1997	1996	Change %	4Q/97	4Q/96
Net sales	52 612	39 321	+34	15 857	12 669
Operating profit	8 454	4 266	+98	2 830	1 737
Operating profit, %	16.1	10.8		17.8	13.7
Profit before tax and minority interests	8 371	3 898	+115	2 835	1 670
Profit from continuing operations	5 998	3 044	+97	2 018	1 426
Net profit	6 259	3 263	+92	2 018	1 645
Earnings per share (FIM) from continuing operations	21.17	10.73	+97	7.12	5.03

Nokia today reports record breaking annual results for 1997. Net sales, profits and earnings per share were the highest in the company's 132-year history. Net sales grew by 34% to FIM 52.6 billion and operating profit by 98% to FIM 8 454 million. Sales growth continued in Nokia Telecommunications (by 41%), in Nokia Mobile Phones (by 28%) and in Other Operations (by 39%).

Net sales of Nokia Telecommunications for 1997 increased by 41% to FIM 18 826 million (FIM 13 333 million in 1996). Order inflow was FIM 23 billion (FIM 14.5 billion in 1996), an increase of 58%. Operating profit increased 36% to FIM 4 053 million (FIM 2 982 million in 1996), and operating profit margin was 21.5% (22.4% in 1996). Nokia's global GSM infrastructure market share grew close to 30%, and Nokia also became the leading base station supplier in Europe.

Nokia Mobile Phones' net sales increased by 28% to FIM 27 643 million (FIM 21 579 million in 1996). Operating profit increased by 168% to FIM 3 837 million (FIM 1 431 million in 1996), and operating profit margin was 13.9% (6.6% in 1996). The strong profitability improvement was due to further development of logistics processes, efficient management of working capital and renewal of the product range.

Net sales of Other Operations increased by 39% to FIM 7 239 million (5 197 million in 1996). Operating profit increased to FIM 564 million (loss of FIM 147 million in 1996), and operating profit margin was 7.8% (- 2.8% in 1996). Sales continued to grow, and profitability increased in both the Nokia Multimedia Network Terminals and Nokia Industrial Electronics divisions.

Nokia's 1997 earnings per share increased by 97% to FIM 21.17. The Board proposes the highest dividend ever paid by Nokia, FIM 7.50 per share.

Commenting on the results, Nokia President and CEO Jorma Ollila pointed out, "We achieved our overall growth targets and almost doubled our net profit. With the strong commitment of our personnel, we have been able to secure a strengthened global market position in fast growing segments of the telecommunications industry, including mobile communications, fixed telecommunications in deregulated markets, as well as

data communications. It is especially pleasing to me that we were able to reach these achievements with record profits and positive operating cash-flow of FIM 10.2 billion. For 1998, we reiterate our previously stated targets of continued strong growth, good profitability and positive operating cash-flow."

Headquartered in Finland, Nokia is a broad-scope telecommunications company supplying mobile phones, mobile and fixed telecommunications networks, data communications solutions, multimedia terminals and PC monitors. With sales in 130 countries, net sales totaled FIM 52.6 billion (\$9.8 billion) in 1997. Nokia employs more than 36,000 people worldwide.

Currency rate at December 31, 1997, 1 FIM = 0.187 USD

For more information:

Mr Lauri Kivinen, Senior Vice President, Corporate Communications, Nokia, tel. +358 9 1807 495

Nokia press subscription

First name*
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Title*
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E-mail*

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*required information

Enquiries on this topic

Media enquiries

press.services@nokia.com

Tel. +358 10448 4900

Helsinki · Afternoon GMT +1 / CET

Nokia Investors Relations

investor.relation@nokia.com

Tel. +358 10 448 4900

Helsinki · Afternoon GMT +2 / EET