

Financial Review

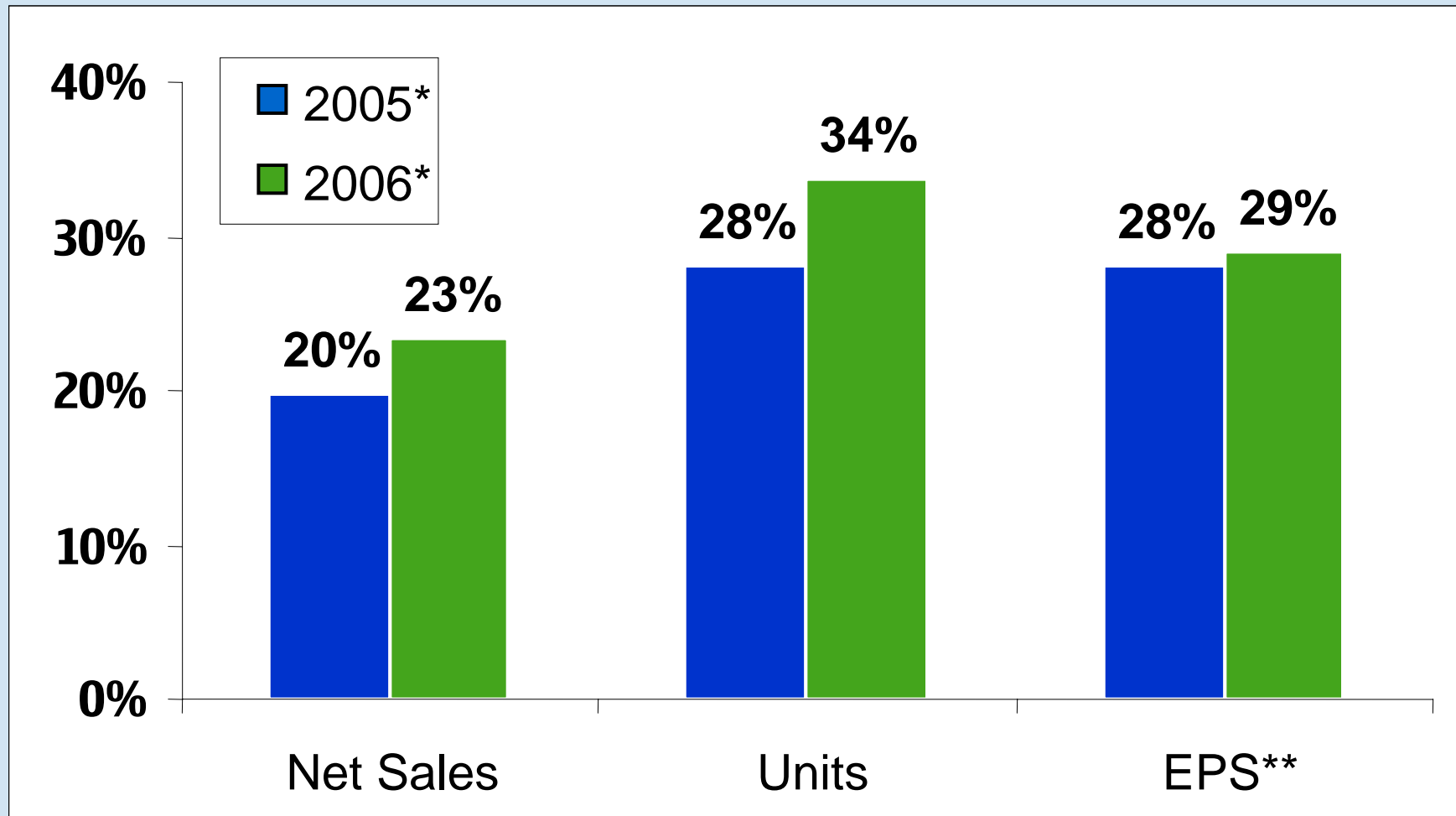
Rick Simonson
Chief Financial Officer

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Growth - more to come

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Year on year growth rates for 2005 and 2006 (1st 9 months of year)



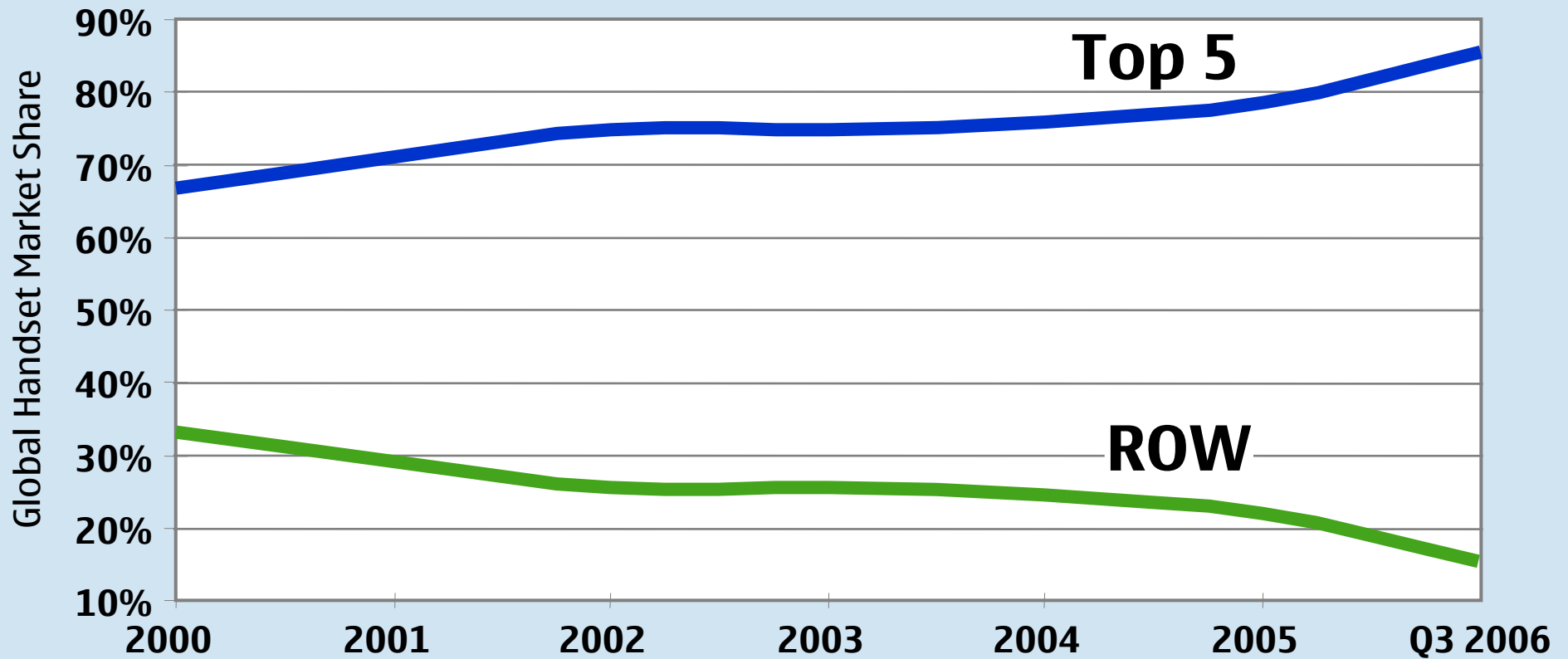
** 1st 9 months of 2005 and 1st 9 months of 2006*

*** Excluding special items*

Not a commodity - Winners need to master....

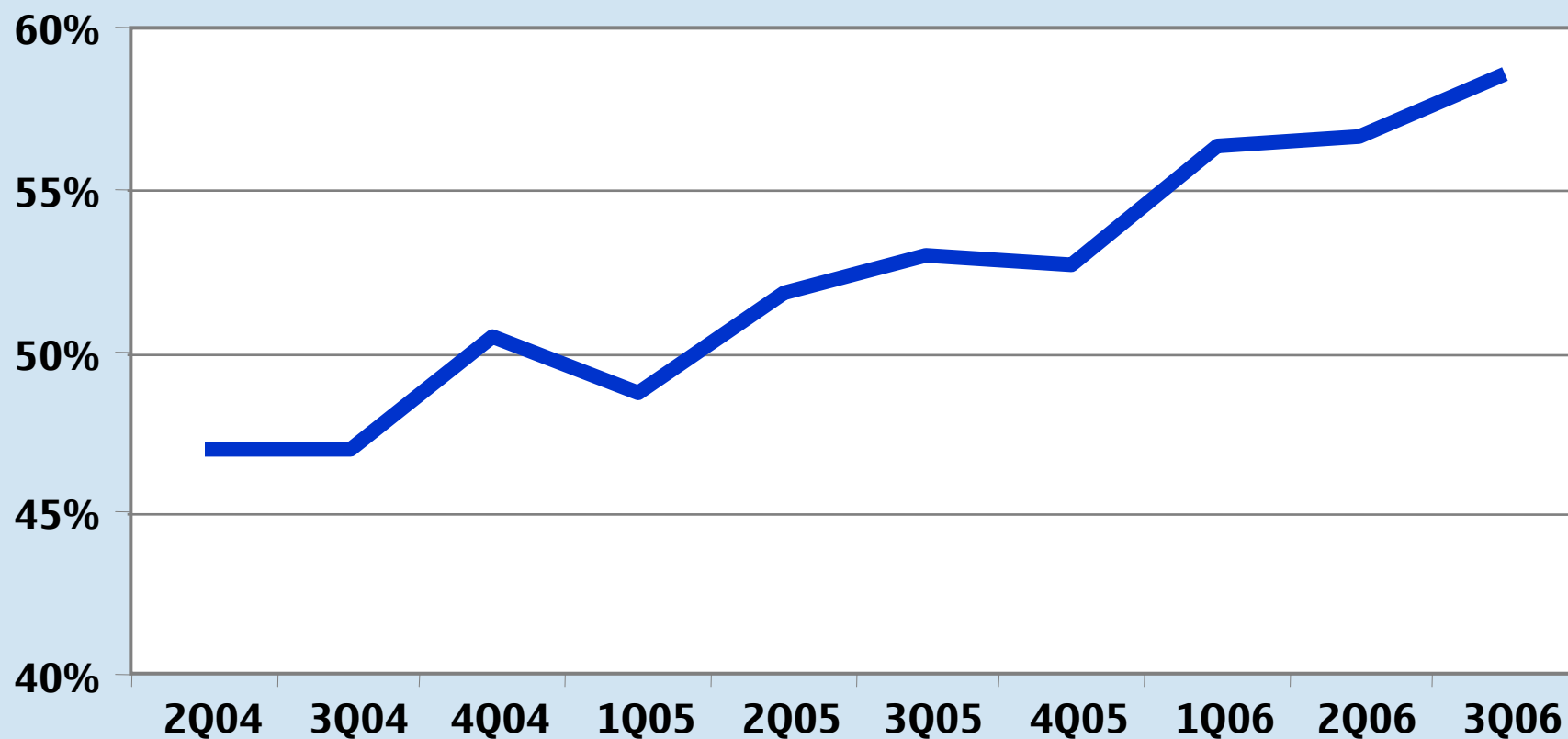
- Scale
- Brand
- Manufacturing and logistic challenges
- Technology
- Great and broad product portfolio
- Cost structure
- Quality
- IPR

Mobile device industry consolidation continues



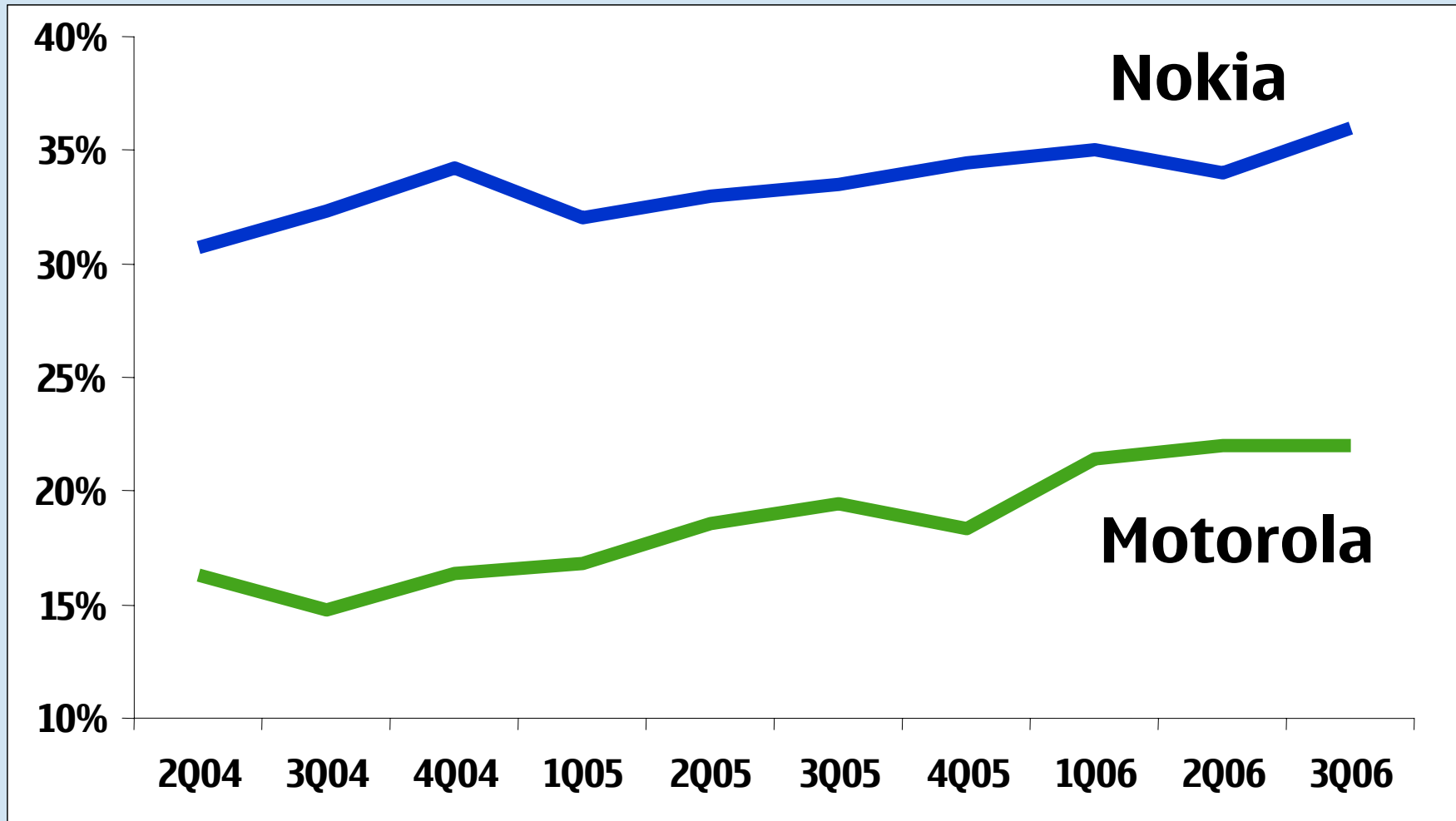
Nokia estimates

Acceleration in consolidation: Share of the Top 2



Nokia estimates

Nokia vs. Motorola: global device unit share



Nokia estimates

How could Nokia gain unit market share in 2007?

Combination of #1 - #3 Could Yield 1%+ Share Gain

- **#1: Mathematical Benefit – Nokia’s Strong Position in Emerging Markets**

- Assumption:

- Emerging markets’ growth again double the developed markets in 2007
- Nokia’s share stable in 2007 in both emerging markets and developed markets from Q306 levels

- **#2: Mathematical Benefit - GSM/WCDMA vs. CDMA**

- Assumption:

- GSM/WCDMA grows significantly faster than CDMA in 2007
- Nokia’s share stable in 2007 in GSM/WCDMA from Q306 levels and mid-single digit share in CDMA in 2007

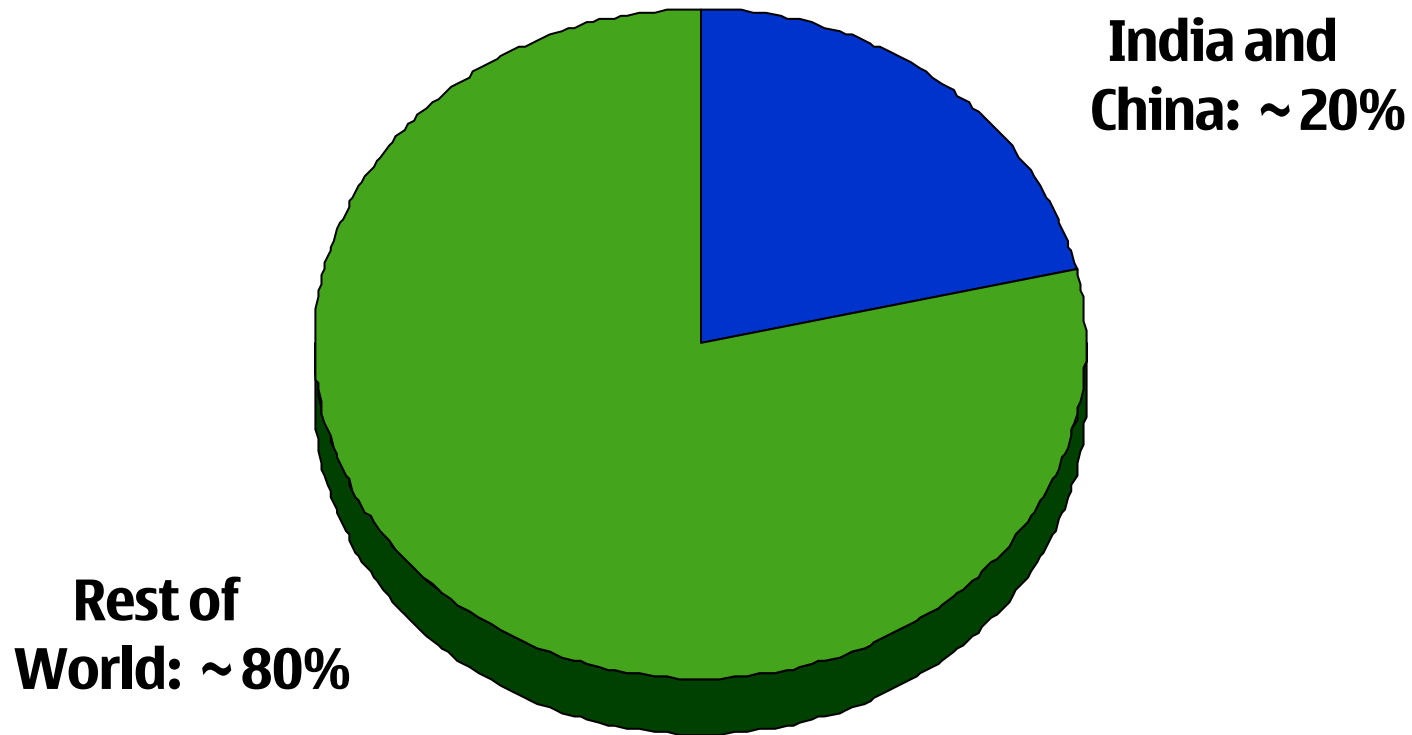
- **#3: Smaller Vendors Losing Share**

- Assumptions

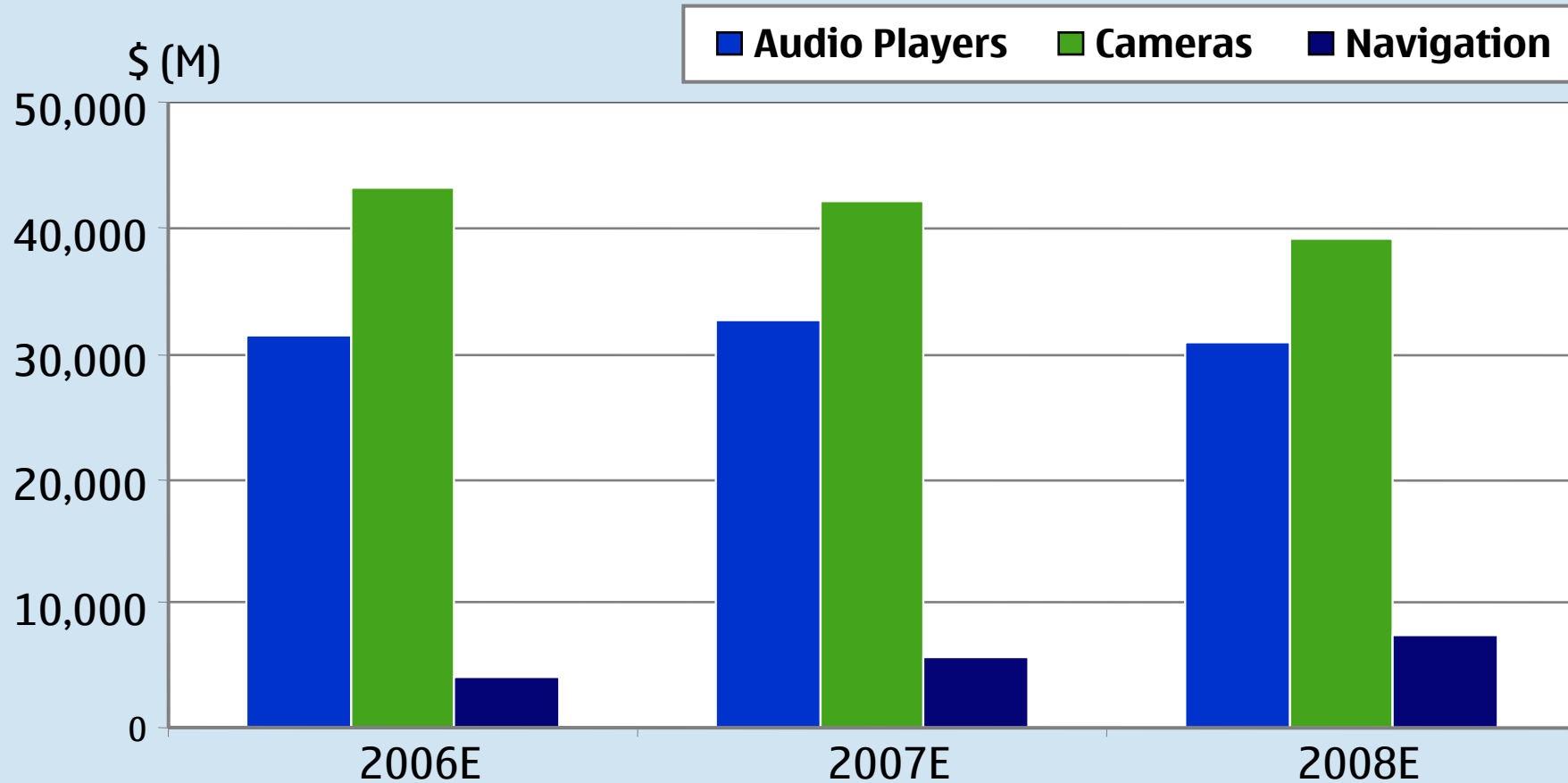
- BenQ/Siemens have 2-3% global share (predominately in Latin America and Europe)
- The share of the non-Top 5 global vendors is approximately 15% and is highly fragmented

Why are we in the emerging markets?

**Percentage of Total Nokia Device
Gross Profit, 1Q-3Q06**



Market value of adjacent markets



Source: IDC

Audio Players: portable digital music players and CD players
Cameras: digital still cameras, digital and analog camcorders
Navigation: portable GPS device (non-PDA)

Financial targets

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Nokia financial targets

	TARGET**
Operating Margin	15%
Devices (MP & M)	17%
Nokia Siemens Networks	10%+

	2006E*	2007E *
Tax Rate	26%	26%
Capex (m EUR)	~700	~700 [□]
Depr. and Amort. (m EUR)	~725	~725 [□]

* Approx. estimates for full year

** Next 1 to 2 years

□ Does not include full impact of Nokia Siemens Networks

Nokia R&D and efficiency targets

R&D targets (% of sales)

	2004	2005	Existing target: by end of 2006	Report card: Estimated end of 2006
Nokia	13%	11%	9-10%	YES
Devices	11%	8%	8%	YES
Infrastructure	19%	18%	14%	NO

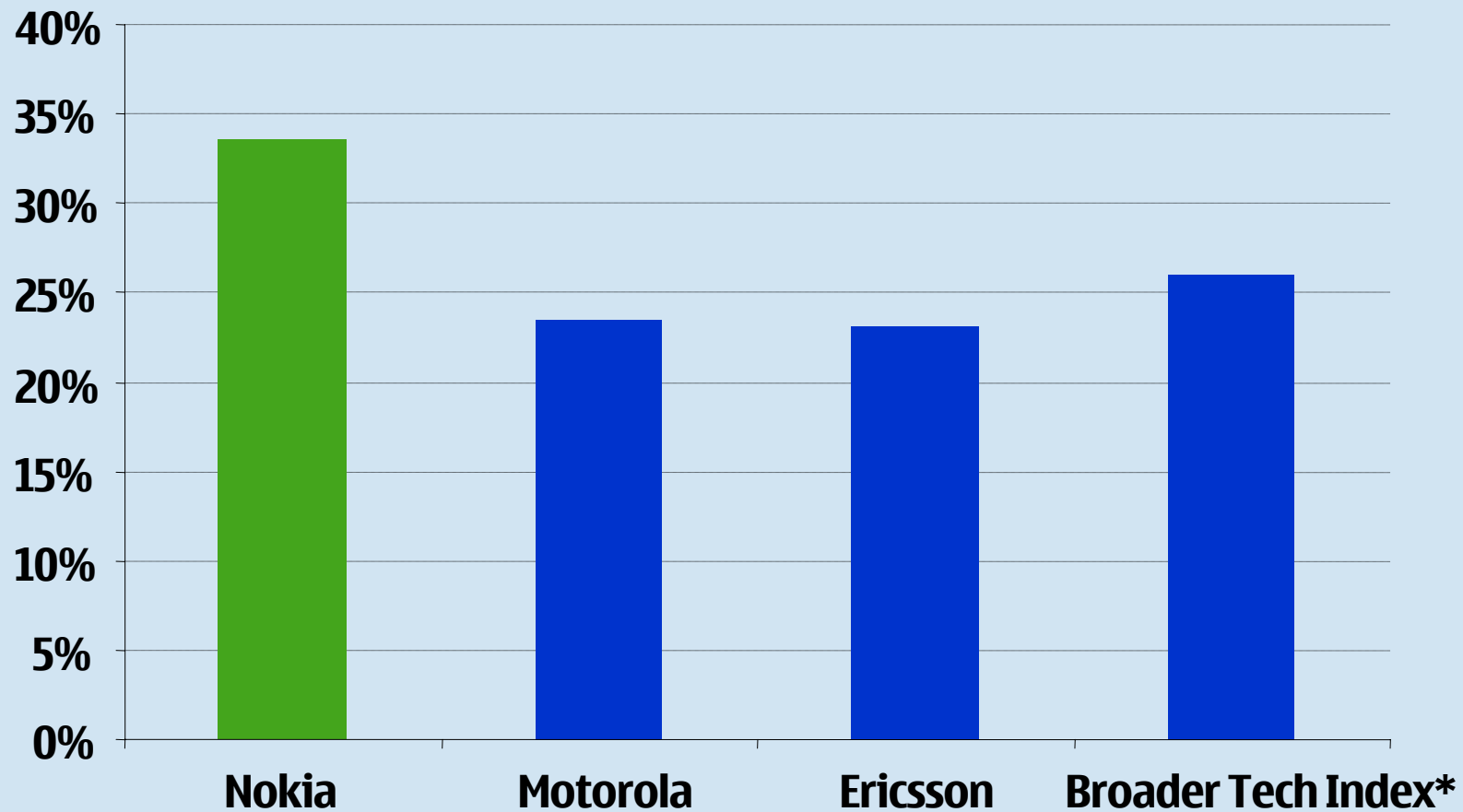
Efficiency targets

- Ratios: Gross Margin to R&D and Gross Margin to Sales & Marketing targeted to improve in 2007 vs. 2006

Nokia aligned with shareholder interests

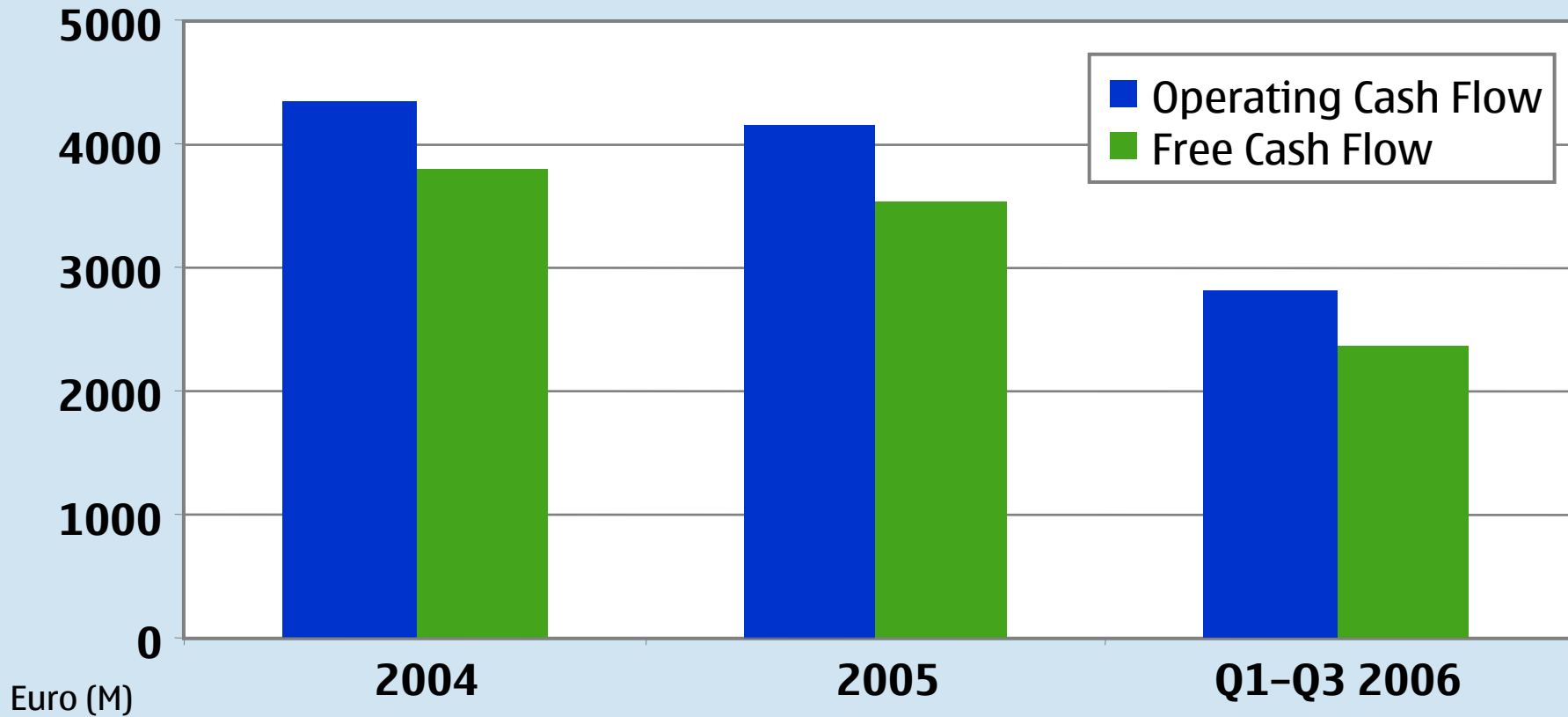
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Return on Equity: Nokia vs. Tech Peers



*15 largest members of S&P Global 1200 Information Technology Sector Index
Calculation: last reported 12 months, ROE = Pro forma net income / Total Equity
Source: Company reports and Bloomberg

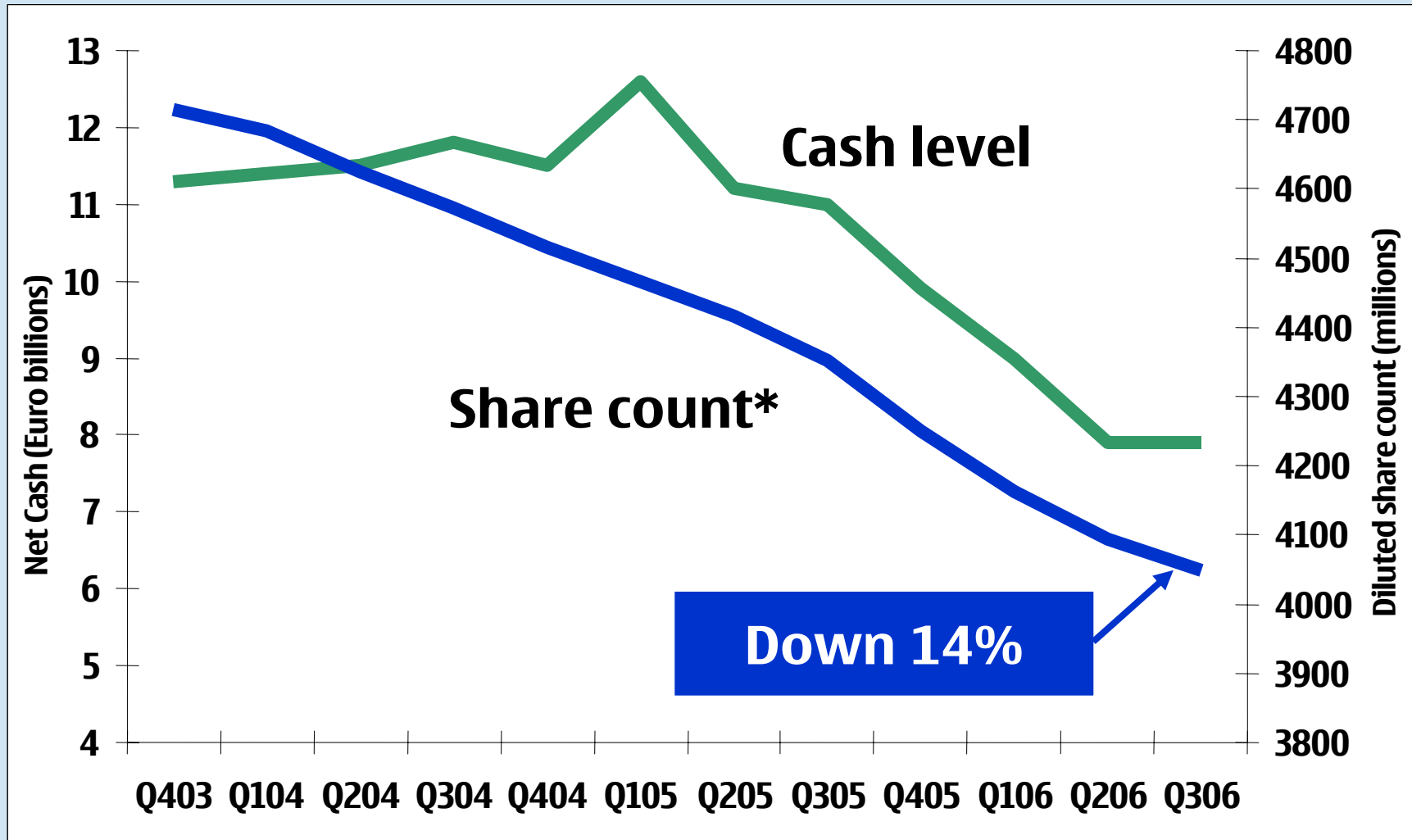
Operating efficiency – Cash flow



Operating Cash Flow = Net cash from operating activities

Free cash flow = Operating cash flow - CAPEX

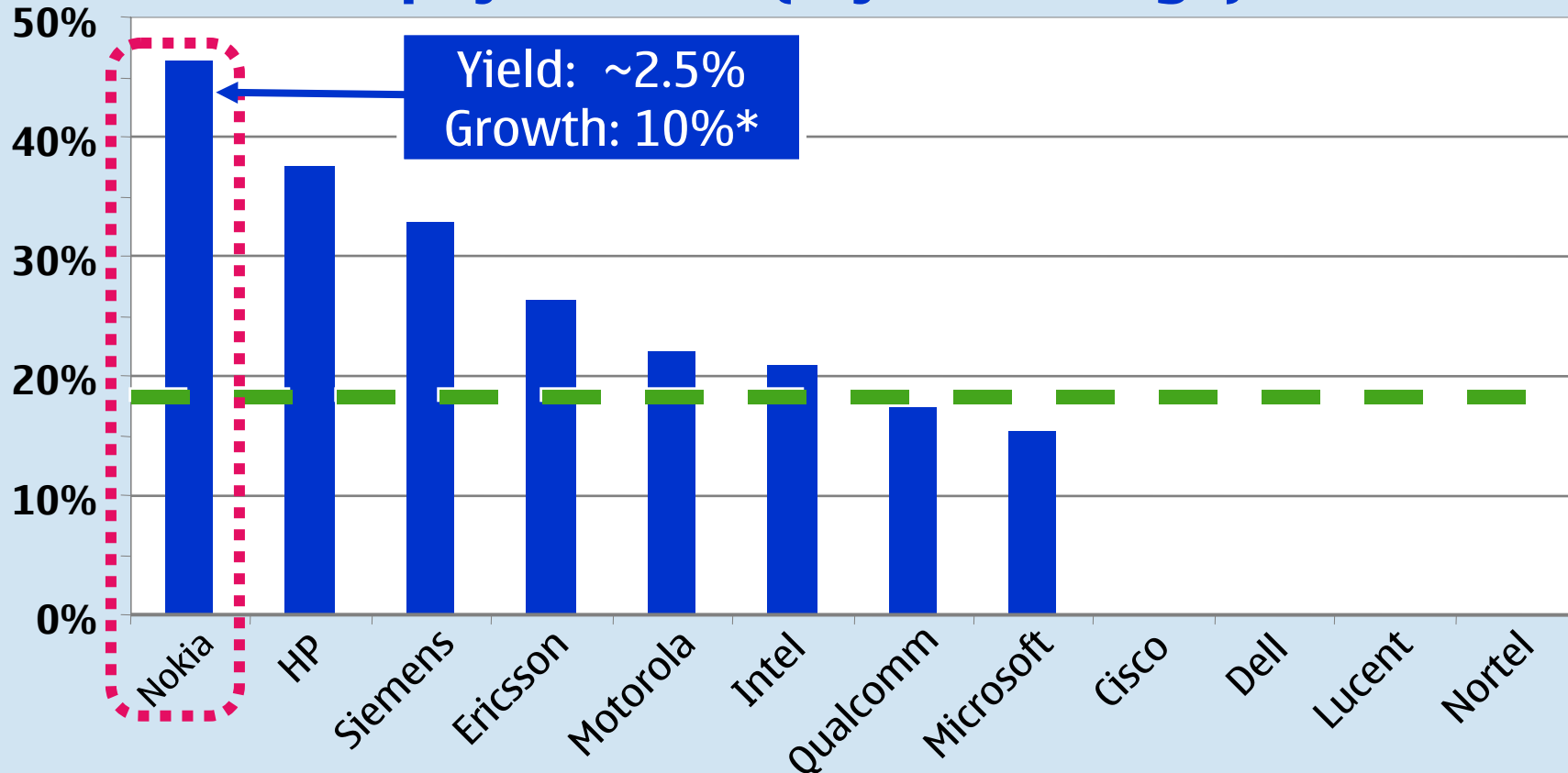
Distribution of excess cash to shareholders



**Diluted*

Dividends: What are Nokia's peers doing?

Dividend payout ratio (5-year average)



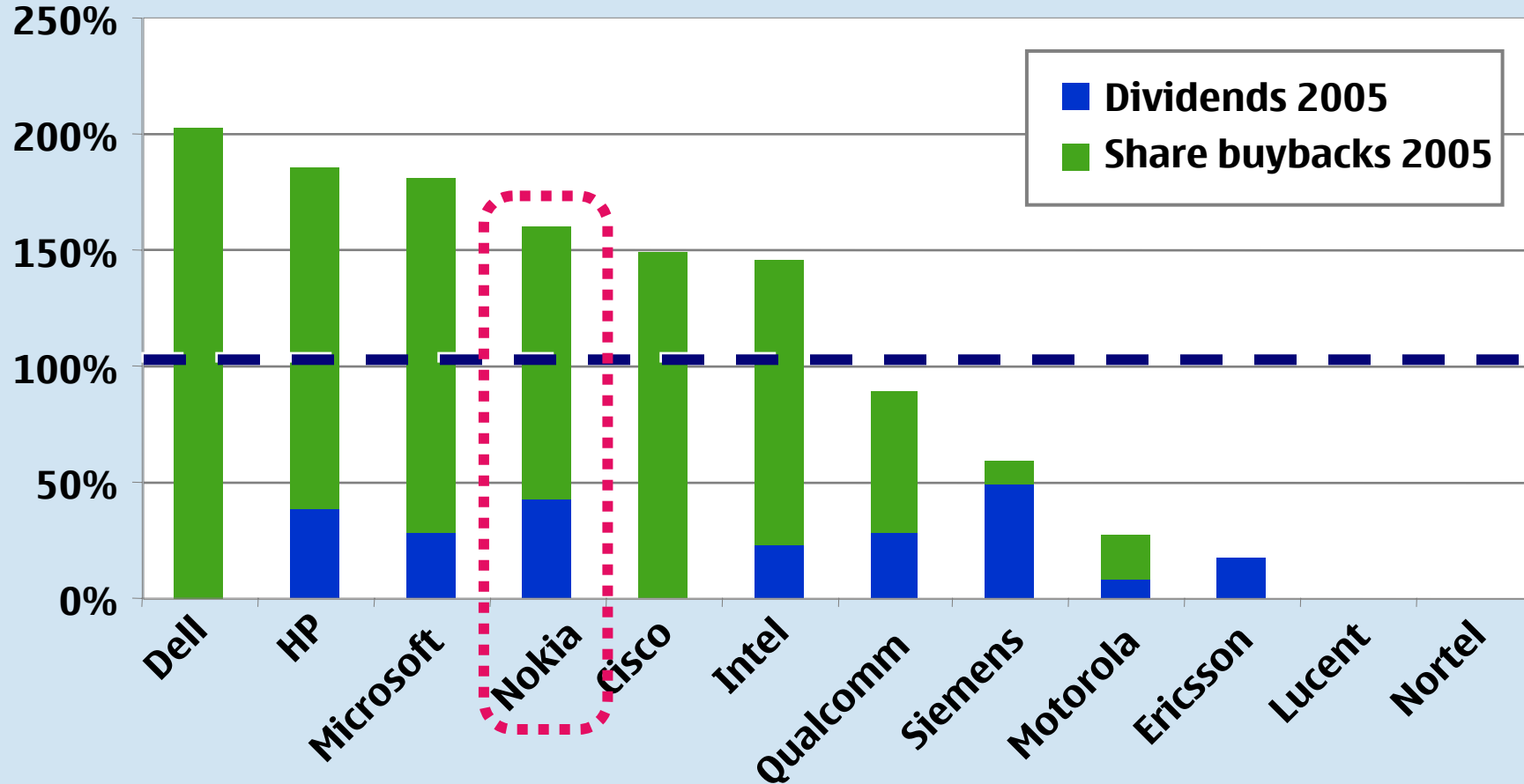
Dividend/Net Income ratio for Nokia's peer group has traditionally been around 20%

Source: Bloomberg (last 5 fiscal years)

** Last two years*

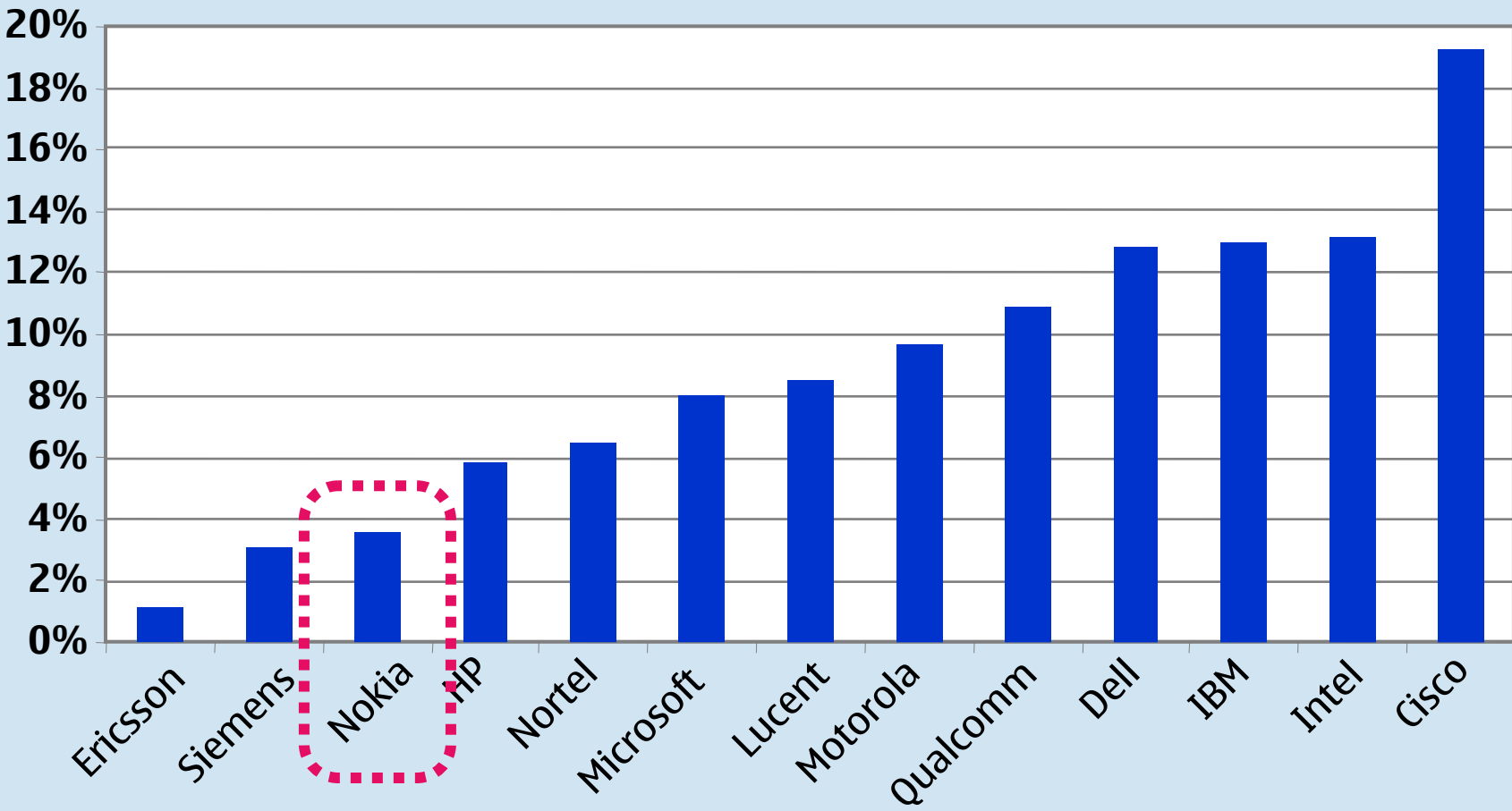
Distributions to net income

Distributions to net income in 2005



Source: Bloomberg and company reports, latest reported fiscal year end

Stock option dilution



*Source: Nokia as per June 2006, other company reports latest reported fiscal year end
Dilution assuming all outstanding options are exercised
Dilution = Options outstanding / (Options outstanding + shares outstanding)*



Reinvesting in the business

Email and Device Management



Digital Music Platform



Navigation and Mapping



Summary

- Nokia is Growing – More to Come
- Financial Targets – Clear, Ambitious and Achievable
- Nokia is Aligned with Shareholder Interests





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Connecting People