

Nokia achieves third-quarter profitability targets with pro forma operating margin of 15.2% and EPS of EUR 0.16

Company continues strong market leadership posting pro forma pre-tax profit of nearly EUR 1.1 billion and net operating cash flow of EUR 1.4 billion

- Third-quarter net sales were EUR 7 050 million, showing a decrease of 7% compared with the previous year. In Nokia Networks, net sales declined 14% and in Nokia Mobile Phones net sales decreased 3%.
- Pro forma pre-tax profit was EUR 1 068 million.
- Pro forma operating margin for Nokia was 15.2%, Nokia Networks 9.3% and Nokia Mobile Phones 19.0%.
- Pro forma earnings per share (diluted) were EUR 0.16 compared with EUR 0.19 a year ago.
- Non-cash pro forma adjustments for this quarter totaled EUR 787 million including a one-time charge of EUR 714 million to increase reserves for Telsim and Dolphin, resulting in reported net profit of EUR 186 million and reported EPS (diluted) of EUR 0.04 in the third quarter.

EUR (million)	PRO FORMA (excludes goodwill amortization and non-recurring items)					
	3Q/2001	3Q/2000	Change (%)	1-3Q 2001	1-3Q 2000	FY 2000
Net sales	7 050	7 575	-7	22 403	21 092	30 376
Nokia Networks	1 659	1 926	-14	5 577	5 353	7 714
Nokia Mobile Phones	5 269	5 456	-3	16 448	15 178	21 887
Nokia Ventures Organization	140	209	-33	443	613	854
Operating profit	1 071	1 353	-21	3 648	4 133	5 861
Nokia Networks	155	357	-57	819	993	1 400
Nokia Mobile Phones	1 002	1 069	-6	3 169	3 453	4 897
Nokia Ventures Organization	-72	-60	-20	-267	-203	-307
Common Group Expenses	-14	-13	-8	-73	-110	-129
Profit before tax and minority interests	1 068	1 366	-22	3 719	4 175	5 947
Net profit	760	923	-18	2 636	2 817	4 027
EPS, EUR						
Basic	0.16	0.20	-20	0.56	0.60	0.86
Diluted	0.16	0.19	-16	0.55	0.59	0.84

Jorma Ollila, Nokia Chairman and CEO, said: "Nokia, as a flexible, lean and focused organization has done more than just weather the storm of the past several months. We succeeded in sustaining solid profitability and high cumulative operating cash flow of EUR 3.9 billion for the first nine months in an intensely competitive and volatile environment.

"While the market environment has had an inevitable impact on Nokia's topline growth, we have continued to translate our core strengths of strong brand, excellence in execution and winning products into profitable results. In addition, we have not compromised on investments essential to our future business success. Nokia intends to remain at the forefront in providing useful and exciting ways for people to enrich their lives as well as new business opportunities for the wireless industry as a whole."

NOKIA IN JULY-SEPTEMBER 2001 (PRO FORMA)

(International Accounting Standards, IAS, pro forma, comparisons given to third quarter 2000 results)

Nokia's net sales decreased by 7% to EUR 7 050 million (EUR 7 575 million). Sales of Nokia Networks decreased by 14% to EUR 1 659 million (EUR 1 926 million), reflecting a continued significant slowdown in Europe and somewhat lower sales in Asia Pacific, partially offset by an improved performance in the Americas. Sales of Nokia Mobile Phones declined by 3% to EUR 5 269 million (EUR 5 456 million), with growth in Asia Pacific and the US offset by a sales decline mainly in Europe and to a lesser extent in Latin America. Sales of Nokia Ventures Organization decreased by 33% and totaled EUR 140 million (EUR 209 million).

Pro forma operating profit decreased by 21% to EUR 1 071 million (EUR 1 353 million), representing a pro forma operating margin of 15.2% (17.9%). Pro forma operating profit in Nokia Networks decreased by 57% to EUR 155 million (EUR 357 million), representing a pro forma operating margin of 9.3% (18.5%). Pro forma operating profit in Nokia Mobile Phones decreased by 6% to EUR 1 002 million (EUR 1 069 million), representing a pro forma operating margin of 19.0% (19.6%). Nokia Ventures Organization reported a pro forma operating loss of EUR 72 million (pro forma operating loss of EUR 60 million). Common Group Expenses, which comprises Nokia Head Office and Nokia Research Center, totaled EUR 14 million (EUR 13 million).

Financial income totaled EUR 6 million (EUR 18 million). Profit before tax and minority interests was EUR 1 068 million (EUR 1 366 million). Net profit totaled EUR 760 million (EUR 923 million). Pro forma earnings per share decreased to EUR 0.16 (basic) and to EUR 0.16 (diluted) compared with EUR 0.20 (basic) and EUR 0.19 (diluted) a year ago.

Non-cash pro forma adjustments for this quarter reflected (i) the exclusion of goodwill amortization in the amount of EUR 73 million (EUR 31 million in the third quarter 2000) and (ii) a one-time charge of EUR 669 million to increase Nokia's reserves related to a defaulted financing to Telsim, a cellular operator in Turkey, and EUR 45 million related to the insolvency of Dolphin in the UK. With these additional reserves Nokia has now covered its total exposure to Telsim and Dolphin. Nokia continues to vigorously pursue the recovery of all amounts due from these companies.

All reported figures can be found on pages 6 and 7 and in the tables at the end of this report.

BUSINESS ENVIRONMENT AND FORECASTS

During the quarter, Nokia continued to build on leading market positions in its two main businesses, mobile network infrastructure and mobile phones.

On the infrastructure side, the ongoing technology transition and economic instability have led some operators to further postpone network investments, resulting in lower-than-expected sales for Nokia Networks in the third quarter. Improved performance in the Americas was not enough to offset the continued slowdown mainly in Europe. However, with Nokia's current position in next generation infrastructure, the company remains confident of reaching its medium-term 3G market share target of 35%.

In mobile phones, based on Nokia's preliminary estimates, third-quarter global volume declined by approximately 10% compared with the third quarter of 2000. Nokia's own mobile phone sales volume declined by only 3% in the third quarter, versus the previous year.

The global volume decline mainly reflected a demand slowdown in Europe related to a weak upgrade market. However, the market grew sequentially from approximately 91 million units in the second quarter to about 94 million in the third quarter, 2001. Fourth quarter market volume is expected to be larger than the third quarter, bringing our estimate for full-year 2001 total market volume to about 390 million phones.

Nokia now sees market conditions stabilizing and is placing renewed emphasis on capturing sustainable market share in line with the company's long-term target of achieving a 40% share of the market.

Future mobile phone market growth will be highly dependent on the rate at which new products and services are developed and launched as well as operator strategies. Industry-wide channel inventory has returned to normal levels. Nokia plans to introduce several new phone models during the coming months, including some entirely new concept devices.

Nokia sees the fourth quarter, 2001 as stronger than the third quarter, in terms of sales, profitability and EPS. The company estimates sequential sales growth of around 20%. Pro forma EPS (diluted) is expected to be in the range of EUR 0.18 and EUR 0.20 while operating cash flow is expected to remain strongly positive.

Fourth quarter sales for the network business are estimated to show a sequential increase despite an estimated 20% year-on-year decline. The network infrastructure market will continue to be challenging especially for the first quarter, 2002. Despite a continuing lack of visibility, the company expects network sales in the second half of next year to be significantly higher than the first half, as sales resulting from ongoing 3G deliveries start to have an impact from the middle of 2002.

Nokia's competitiveness in terms of future product line-up, brand and logistics continues to be strong. In mobile phones, sales in the fourth quarter are estimated to be about 25% higher than in the third quarter 2001, close to the level of the fourth quarter, 2000.

Based on Nokia's current expectations with respect to product roll-outs and deliveries for next year, the company continues to believe revenue growth should pick up again, and at some time during 2002, return to the level of 25-35%.

JORMA OLLILA, NOKIA CHAIRMAN AND CEO

Nokia, as a flexible, lean and focused organization has done more than just weather the storm of the past several months. We succeeded in sustaining solid profitability and high cumulative operating cash flow of EUR 3.9 billion for the first nine months in an intensely competitive and volatile environment.

Operator capital expenditure in mobile networks during the third quarter fell more sharply than we had previously anticipated. However, with a growing number of subscribers coming onto the networks and the uptake of GPRS technology we believe operators will need to respond to quality of service requirements and recommence their capacity expansion investments in the coming months.

In third generation networks, we grew our market position, signing eight agreements during the quarter. We have also commenced volume deliveries of commercial 3G equipment, with close to four thousand base station shipments scheduled for the remainder of this year. In third generation mobile infrastructure, we believe that we share the leadership position with our nearest competitor.

In the mobile phone market, one of the drivers of the next growth period will be packet-switched data. In the new environment of high-speed data transfer and continuous network access, enabling technologies such as multimedia messaging will thrive. This will open up whole new avenues for device and category creation as well as application and service development, marking a fundamental industry shift. We believe that a continuous flow of new product designs and categories, such as the Nokia 5510, launched just last week as an entertainment content platform, and the advent of color screens, will build momentum for the next market wave.

While the market environment has had an inevitable impact on Nokia's topline growth, we have continued to translate our core strengths of strong brand, excellence in execution and winning products into profitable results. In addition, we have not compromised on investments essential to our future business success. Nokia intends to remain at the forefront in providing useful and exciting ways for people to enrich their lives as well as new business opportunities for the wireless industry as a whole.

NOKIA NETWORKS

During the third quarter, reduced investments by some operators resulted in lower-than-expected year-on-year sales. Concerted efforts to increase cost efficiencies in the networks business continued, with further reductions in operating expenditure.

Nokia's accessible market in network infrastructure continues to grow as operators in the Americas convert from TDMA to GSM, and, as Japan, Korea, and the US join the WCDMA community. In addition, Nokia signed GSM expansion deals with four of its customers during the third quarter and won two new GSM customers in Israel and Saudi Arabia.

In preparation for the 3G products and services takeoff, Nokia began volume shipments of commercial 3G equipment and is now delivering to more than 20 customers. In addition to letters of intent in France and Hong Kong, final contracts were signed with operators in Germany, Italy, the UK, Sweden, Finland and Japan.

In the Broadband /DSL business, Nokia signed nine new deals, including five with Chinese operators and a new contract with Skanova in Sweden.

The company continues to focus on key R&D projects. In September, Nokia acquired Amber Networks, which specializes in fault tolerant routers. The acquisition complements our existing competency in future IP-based mobile network technologies. In addition, Nokia signed a cooperation agreement with TietoEnator to expand its resource base in its DX200 switching development. Both these moves were in line with Nokia's long-term R&D strategy of aligning with strong partners while focussing on strong core capabilities.

In July, in response to the ongoing globalisation of the telecoms market and consolidation of its customer base, the networks division realigned its global operations, enabling swifter and more focussed service, particularly for clients operating in more than one country.

NOKIA MOBILE PHONES

Shipments of Nokia's first GPRS model, the Nokia 8310 (for GSM 900/1800), began at the end of September. The next GPRS models — the Nokia 6310 (GSM 900/1800) and the Nokia 8390 (GSM 1900) — are scheduled to start shipping before the end of the year. Nokia estimates global GPRS terminal market volume in 2001 will reach about 10 million units, but expects GPRS to constitute over 50% of the total GSM handset market within two years.

In the third quarter, Nokia introduced the Nokia 3395 (GSM 1900), the first entry-level WAP-enabled GSM handset for the Americas market. The Nokia 3395, as well as the earlier announced dual-mode Nokia 3320 and the triple-mode Nokia 3360 for TDMA markets in the Americas, started shipping during the quarter.

In July, Nokia and Sonera announced that they had started piloting Multimedia Messaging Services (MMS). The pilot is one of the very first in the world evaluating end-to-end MMS in a live network environment.

In September, Nokia launched two products, the Nokia Multimedia Terminal Gateway and the Nokia Artuse Profile Directory, to enhance its existing portfolio of WAP and MMS solutions for mobile operators.

Nokia introduced a mobile wallet application for the Nokia 6310 which enables users to store, amongst others, protected personal information like credit card details inside their mobile phone. This application makes use of various mobile commerce solutions, which Nokia is piloting in collaboration with other industry leaders.

Also in September, Nokia, Nordea and Visa International began joint testing to verify how real life electronic commerce can be conducted over mobile phones. The Electronic Mobile Payment Services (EMPS) solution aims to develop functional technology that will allow consumers to use their mobile handset as an electronic wallet. Together with IBM, Luottokunta and Radiolinja, Nokia is also piloting the usage of the mobile wallet with single-chip SIM/WIM (Wireless Identity Module) technology that ensures safe transactions.

Nokia participated in two significant industry alliance announcements during the quarter; the co-founding of the Liberty Alliance Project to create an open, standards-based solution for network identity and authentication, and the successful demonstration of the world's first interoperable mobile instant messaging and presence service. The demonstration was an important milestone in developing the Wireless Village specification, pioneered by Nokia, Motorola and Ericsson.

Nokia and a number of its industry peers launched the Mobile Games Interoperability (MGI) Forum, which will work to define a mobile games interoperability specification, enabling game developers to produce and deploy mobile games for different mobile devices that can be distributed across multiple game servers and wireless networks.

NOKIA VENTURES ORGANIZATION

Nokia announced the Nokia IP71 which aims to provide small office network environments and distributed enterprises with a simple, cost-effective means to deploy a single Internet security device offering both VPN and firewall functionality. In addition, the company introduced, the Nokia IP740 security appliance for corporate data centers and business critical service provider network environments.

Nokia signed a two-year OEM license and reseller agreement with F5 Networks for its full suite of Internet traffic and content management software products. The company also introduced a new set of advanced features, including smart card functionality, for its leading VPN portfolio.

Nokia Home Communications introduced to Sweden its Mediaterminal product category, an "all-in-one product" for the next generation of digital TV. Sweden is the first country in the world to have the product available.

In IBC (International Broadcasting Convention), Nokia and 10 of Europe's leading companies in the field of broadcasting, multimedia and communications announced a Memorandum of Understanding to promote the use of digital broadcast standards for the delivery of multimedia content using Internet Protocol standards.

NOKIA IN JULY-SEPTEMBER 2001 (REPORTED)

(International Accounting Standards, IAS, comparisons given to third-quarter 2000 results)

Nokia's net sales decreased by 7% to EUR 7 050 million (EUR 7 575 million). Sales of Nokia Networks decreased by 14% to EUR 1 659 million (EUR 1 926 million), reflecting a continued significant slowdown in Europe and somewhat lower sales in Asia Pacific, partially offset by an improved performance in the Americas. Sales of Nokia Mobile Phones declined by 3% to EUR 5 269 million (EUR 5 456 million), with growth in Asia Pacific and the US offset by a sales decline mainly in Europe and to a lesser extent in Latin America. Sales of Nokia Ventures Organization decreased by 33% and totaled EUR 140 million (EUR 209 million).

Operating profit decreased by 79% to EUR 284 million (EUR 1 322 million), representing an operating margin of 4.0% (17.5%). Operating profit in Nokia Networks decreased to a loss of EUR 585 million (operating profit of EUR 349 million), representing an operating margin of -35.3% (+18.1%). Nokia made a one-time charge of EUR 714 million to cover Nokia Networks receivables by EUR 669 million related to a defaulted financing to Telsim, a cellular operator in Turkey, and EUR 45 million related to the insolvency of Dolphin in the UK. With these additional amounts Nokia has now covered against its total exposure to Telsim and Dolphin. Nokia continues to vigorously pursue the recovery of all amounts due from these companies.

Operating profit in Nokia Mobile Phones decreased by 8% to EUR 979 million (EUR 1 068 million), representing an operating margin of 18.6% (19.6%). Nokia Ventures Organization reported an operating loss of EUR 96 million (operating loss of EUR 82 million). Common Group Expenses, which comprises Nokia Head Office and Nokia Research Center, totaled EUR 14 million (EUR 13 million).

Financial income totaled EUR 6 million (EUR 18 million). Profit before tax and minority interests was EUR 281 million (EUR 1 335 million). Net profit totaled EUR 186 million (EUR 892 million). Earnings per share decreased to EUR 0.04 (basic) and to EUR 0.04 (diluted) compared with EUR 0.19 (basic) and EUR 0.19 (diluted).

At the end of September, Nokia had vendor financing commitments based on customer agreements totaling EUR 4 172 million, of which outstanding long-term receivables and guarantees totaled EUR 916 million. These amounts exclude the fully provided Telsim and Dolphin receivables.

During the third quarter, Nokia continued to focus on its core competencies and entered into several new outsourcing arrangements, most notably, a product development partnership between Nokia Networks and TietoEnator and an IT service agreement with Hewlett Packard.

At the end of September, 2001, Nokia had 56 145 employees. The average number of employees during the first nine months of 2001 was 58 763. In October, Nokia Mobile Phones started employment negotiations regarding approximately 260 full-time employees in Salo in Finland.

Effective August 29, a total of 2 532 000 Nokia shares held by Nokia Corporation were transferred to stockholders of Amber Networks, Inc. The shares were transferred as part of the acquisition price Nokia paid for acquiring Amber. The transfer price was EUR 20.771 per share, which was based on the market value of Nokia share. The aggregate par value of these shares was EUR 151 920 and they represented approximately 0.05% of the share capital of the company and the total voting rights. This transfer did not have any significant effect on the relative holdings of the other shareholders of the company or on the voting powers among them. On September 30, the Group companies owned 2 135 087 Nokia shares. The shares had an aggregate par value of EUR 128 105.22 representing approximately 0.05% of the share capital of the company and the total voting rights.

NOKIA IN JANUARY–SEPTEMBER 2001 (REPORTED)

(International Accounting Standards, IAS, comparisons given to the January-September 2000 results)

Nokia's net sales increased by 6% to EUR 22 403 million (EUR 21 092 million). Sales of Nokia Networks increased by 4% to EUR 5 577 million (EUR 5 353 million). Sales of Nokia Mobile Phones grew by 8% to EUR 16 448 million (EUR 15 178 million). Sales of Nokia Ventures Organization decreased by 28% and totaled EUR 443 million (EUR 613 million).

Operating profit decreased by 38% to EUR 2 509 million (EUR 4 050 million), representing an operating margin of 11.2% (19.2%). Operating profit in Nokia Networks decreased to EUR 0 million (EUR 970 million), representing an operating margin of 0.0% (18.1%). Operating profit in Nokia Mobile Phones decreased by 11% to EUR 3 064 million (EUR 3 450 million), representing an operating margin of 18.6% (22.7%). Nokia Ventures Organization reported an operating loss of EUR 482 million (operating loss of EUR 260 million). Common Group Expenses, which comprises Nokia Head Office and Nokia Research Center, totaled EUR 73 million (EUR 110 million).

Financial income totaled EUR 80 million (EUR 51 million). Profit before tax and minority interests was EUR 2 580 million (EUR 4 092 million). Net profit totaled EUR 1 750 million (EUR 2 734 million). Earnings per share decreased to EUR 0.37 (basic) and to EUR 0.37 (diluted) compared with EUR 0.59 (basic) and EUR 0.57 (diluted).

At September 30, 2001, net debt-to-equity ratio (gearing) was -28% (-26% at the end of 2000). During the January to September period 2001, capital expenditures amounted to EUR 820 million (EUR 1 171 million).

CONSOLIDATED PROFIT AND LOSS ACCOUNT, IAS, EUR million

(unaudited)

	Pro forma 7-9/01	Pro forma 7-9/00	Reported 7-9/01	Reported 7-9/00
Net sales	7 050	7 575	7 050	7 575
Cost of sales	-4 573	-4 915	-4 573	-4 915
Research and development expenses	-675	-613	-675	-613
Selling, general and administrative expenses	-731	-694	-731	-694
One-time charges 1)	-	-	-714	
Amortization of goodwill	-	-	-73	-31
Operating profit	1 071	1 353	284	1 322
Share of results of associated companies	-9	-5	-9	-5
Financial income and expenses	6	18	6	18
Profit before tax and minority interests	1 068	1 366	281	1 335
Tax	-298	-394	-85	-394
Minority interests	-10	-49	-10	-49
Net profit	760	923	186	892
Earnings per share, EUR				
Net profit				
Basic	0.16	0.20	0.04	0.19
Diluted	0.16	0.19	0.04	0.19
Average number of shares				
(1 000 shares)				
Basic	4 701 821	4 679 976	4 701 821	4 679 976
Diluted	4 771 603	4 793 623	4 771 603	4 793 623
Depreciation and amortization, total			341	279

Non-recurring items

1) One-time charges, see page 2

CONSOLIDATED PROFIT AND LOSS ACCOUNT, IAS, EUR million

(unaudited)

	Pro forma 1-9/01	Pro forma 1-9/00	Reported 1-9/01	Reported 1-9/00
Net sales	22 403	21 092	22 403	21 092
Cost of sales 1)	-14 157	-13 130	-14 228	-13 130
Research and development expenses	-2 235	-1 820	-2 235	-1 820
Selling, general and administrative expenses 2)	-2 363	-2 009	-2 502	-2 009
One-time charges 3)	-	-	-714	-
Amortization of goodwill	-	-	-215	-83
Operating profit	3 648	4 133	2 509	4 050
Share of results of associated companies	-9	-9	-9	-9
Financial income and expenses	80	51	80	51
Profit before tax and minority interests	3 719	4 175	2 580	4 092
Tax	-1 019	-1 248	-766	-1 248
Minority interests	-64	-110	-64	-110
Net profit	2 636	2 817	1 750	2 734
Earnings per share, EUR				
Net profit				
Basic	0.56	0.60	0.37	0.59
Diluted	0.55	0.59	0.37	0.57
Average number of shares (1 000 shares)				
Basic	4 696 591	4 669 034	4 696 591	4 669 034
Diluted	4 783 567	4 792 321	4 783 567	4 792 321

Depreciation and amortization, total

1 014

686

Non-recurring items

1) Non-recurring charges of EUR 71 million from Q2

2) Non-recurring charges, total of EUR 139 million from Q2, including EUR 54 million impairment of goodwill, and EUR 24 million gain from the disposal of certain production operations.

3) One-time charges from Q3, see page 2.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, IAS, EUR million

(unaudited)

	Pro forma 1-12/00	Reported 1-12/00
Net sales	30 376	30 376
Cost of sales	-19 072	-19 072
Research and development expenses	-2 584	-2 584
Selling, general and administrative expenses 1)	-2 859	-2 804
Amortization of goodwill	-	-140
Operating profit	5 861	5 776
Share of results of associated companies	-16	-16
Financial income and expenses	102	102
Profit before tax and minority interests	5 947	5 862
Tax	-1 780	-1 784
Minority interests	-140	-140
Net profit	4 027	3 938
Earnings per share, EUR		
Net profit		
Basic	0.86	0.84
Diluted	0.84	0.82
Average number of shares (1 000 shares)		
Basic	4 673 162	4 673 162
Diluted	4 792 980	4 792 980
Depreciation and amortization, total		1 009

Non-recurring items

1) Change in accounting method related to pensions, EUR 55 million positive item

NET SALES BY BUSINESS GROUP, EUR million

(unaudited)

	7-9/2001	7-9/2000	1-9/2001	1-9/2000	1-12/2000
Nokia Networks	1 659	1 926	5 577	5 353	7 714
Nokia Mobile Phones	5 269	5 456	16 448	15 178	21 887
Nokia Ventures Organization	140	209	443	613	854
Inter-business group eliminations	-18	-16	-65	-52	-79
Nokia Group	7 050	7 575	22 403	21 092	30 376

OPERATING PROFIT BY BUSINESS GROUP, EUR million

(unaudited)

Pro forma	7-9/2001	7-9/2000	1-9/2001	1-9/2000	1-12/2000
Nokia Networks	155	357	819	993	1 400
Nokia Mobile Phones	1 002	1 069	3 169	3 453	4 897
Nokia Ventures Organization	-72	-60	-267	-203	-307
Common Group Expenses	-14	-13	-73	-110	-129
Nokia Group	1 071	1 353	3 648	4 133	5 861

Goodwill amortization	7-9/2001	7-9/2000	1-9/2001	1-9/2000	1-12/2000
Nokia Networks	-26	-8	-64	-23	-42
Nokia Mobile Phones	-23	-1	-70	-3	-18
Nokia Ventures Organization	-24	-22	-81	-57	-80
Common Group Expenses	-	-	-	-	-
Total	-73	-31	-215	-83	-140

Non-recurring items	7-9/2001	7-9/2000	1-9/2001	1-9/2000	1-12/2000
Nokia Networks	-714	-	-755	-	-
Nokia Mobile Phones	-	-	-35	-	-
Nokia Ventures Organization	-	-	-134	-	-
Common Group Expenses	-	-	-	-	55
Total	-714	-	-924	-	55

Reported	7-9/2001	7-9/2000	1-9/2001	1-9/2000	1-12/2000
Nokia Networks	-585	349	-	970	1 358
Nokia Mobile Phones	979	1 068	3 064	3 450	4 879
Nokia Ventures Organization	-96	-82	-482	-260	-387
Common Group Expenses	-14	-13	-73	-110	-74
Nokia Group	284	1 322	2 509	4 050	5 776

CONSOLIDATED BALANCE SHEET, IAS, EUR million
(unaudited)

	30.9.2001	30.9.2000	31.12.2000
ASSETS			
Fixed assets and other non-current assets			
Intangible assets	2 491	1 527	1 994
Property, plant and equipment	2 601	2 637	2 732
Investments in associated companies	58	83	61
Available-for-sale investments	405	309	392
Deferred tax assets	629	501	401
Long-term loan receivables	819	712	808
	7 003	5 769	6 388
Current assets			
Inventories	1 910	2 420	2 263
Receivables	6 999	7 182	7 056
Available-for-sale investments	2 739	2 620	2 774
Bank and cash	1 559	1 497	1 409
	13 207	13 719	13 502
Total assets	20 210	19 488	19 890
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	283	281	282
Share issue premium	1 997	1 690	1 695
Treasury shares	-40	-184	-157
Equity adjustments	224	435	347
Retained earnings	9 074	7 433	8 641
	11 538	9 655	10 808
Minority interests	193	195	177
Long-term liabilities			
Long-term interest bearing liabilities	243	186	173
Deferred tax liabilities	81	69	69
Other long-term liabilities	64	72	69
	388	327	311
Current liabilities			
Short-term borrowings	782	1 110	1 069
Current portion of long-term debt	4	48	47
Accounts payable	2 520	2 898	2 814
Accrued expenses	2 751	3 301	2 860
Provisions	2 034	1 954	1 804
	8 091	9 311	8 594
Total shareholders' equity and liabilities	20 210	19 488	19 890
Interest-bearing liabilities	1 029	1 344	1 289
Shareholders' equity per share, EUR	2.45	2.06	2.30
Number of shares (1000 shares) *	4 716 080	4 683 825	4 692 133

* Shares owned by Group companies are excluded

CONSOLIDATED CASH FLOW STATEMENT, IAS, EUR million
(unaudited)

	1-9/2001	1-9/2000	1-12/2000
Cash flow from operating activities			
Net profit	1 750	2 734	3 938
Adjustments, total	2 521	1 952	2 805
Net profit before change in net working capital	4 271	4 686	6 743
Change in net working capital	452	-1 031	-1 377
Cash generated from operations	4 723	3 655	5 366
Interest received	211	197	255
Interest paid	- 138	-81	- 115
Other financial income and expenses	41	-413	- 454
Income taxes paid	- 961	-1 013	-1 543
Net cash from operating activities	3 876	2345	3 509
Cash flow from investing activities			
Acquisition of Group companies, net of acquired cash	- 131	2	- 400
Investments in other shares	- 95	-118	- 111
Additions in capitalized development costs	- 327	-298	- 393
Long-term loans receivable from customers	- 756	-651	- 776
Capital expenditures	- 821	-1 171	-1 580
Proceeds from disposal of Group companies, net of disposed cash	-	2	4
Proceeds from sale of available-for-sale investments	103	68	75
Proceeds from sale of fixed assets	230	154	221
Dividends received	27	49	51
Net cash used in investing activities	-1 770	-1 963	-2 909
Cash flow from financing activities			
Proceeds from issuance of share capital	14	52	72
Treasury shares acquired	- 21	-35	- 160
Capital investment by minority shareholders	2	3	7
Long-term liabilities, proceeds from/payment of	49	-71	- 82
Short-term borrowings, proceeds from/payment of	- 548	124	133
Long-term receivables, proceeds from/payment of	- 20	-	-
Short-term receivables, proceeds from/payment of	- 41	387	378
Dividends paid	-1 354	-1 012	-1 004
Net cash used in financing activities	-1 919	-552	- 656
Foreign exchange impact on cash	- 72	128	80
Net increase in cash and cash equivalents	115	-42	24
Cash and cash equivalents at beginning of period	4 183	4 159	4 159
Cash and cash equivalents at end of period	4 298	4 117	4 183

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, EUR million

(unaudited)

	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other Reserves	Retained earnings	Total
Balance at December 31, 1999	279	1 079	-24	243		5 801	7 378
Share issue	2	536					538
Acquisition of treasury shares			-160				-160
Stock options issued on acquisitions		75					75
Dividend						-931	-931
Translation differences				192			192
Change in accounting policy						-206	-206
Other increase/decrease, net						35	35
Net profit						2 734	2 734
Balance at September 30, 2000	281	1 690	-184	435		7 433	9 655
Balance at December 31, 2000	282	1 695	-157	347	-	8 641	10 808
Share issue	1	345					346
Acquisition of treasury shares			-21				-21
Disposal of treasury shares		-53	138				85
Stock options issued on acquisitions		20					20
Stock options exercised related to acquisitions		-10					-10
Dividend						-1 314	-1 314
Translation differences				-60			-60
Effect of change in accounting principle (IAS 39)					-56		-56
Cash flow hedges and fair value adjustments					-7		-7
Other increase/decrease, net						-3	-3
Net profit						1 750	1 750
Balance at September 30, 2001	283	1 997	-40	287	-63	9 074	11 538

COMMITMENTS AND CONTINGENCIES, EUR million

(unaudited)

	GROUP		
	30.9.01	30.9.00	31.12.00
Collateral for own commitments			
Mortgages	10	12	12
Assets pledged	3	4	4
Collateral given on behalf of other companies			
Assets pledged	23	-	23
Contingent liabilities on behalf of Group companies			
Other guarantees	555	607	656
Contingent liabilities on behalf of other companies			
Guarantees for loans	74	372	298
Other guarantees		1	
Leasing obligations	1 301	879	895

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS, EUR million (unaudited) 1)

	30.9.2001	30.9.2000	31.12.2000
Foreign exchange forward contracts 2) 3)	8 130	9 854	10 497
Currency options bought	980	1 539	2 165
Currency options sold	929	1 355	2 029
Interest rate forward and futures contracts 2)	-	-	-
Interest rate swaps	-	250	250
Cash settled equity swaps 4)	267	350	336

1) The notional amounts of derivatives summarized here do not represent amounts exchanged by the parties and, thus are not a measure of the exposure of Nokia caused by its use of derivatives.

2) Notional amounts outstanding include positions, which have been closed off.

3) Notional amount includes contracts used to hedge the net investments in foreign subsidiaries.

4) Cash settled equity swaps are used to hedge risks relating to incentive programs and investments activities

Closing rate, 1 EUR = 0.926 USD

Change in Accounting Principles

The Group has adopted, beginning January 1, 2001, IAS 39, Financial instruments: recognition and measurement. The impact of the changes in policy on opening shareholders' equity is quantified as follows:

Total shareholders' equity at 31 December 2000 as previously reported	10 808
IAS 39 transition adjustments:	
Fair value adjustments to available-for-sale debt and equity investments 1)	58
Transfer of gains and losses on qualifying cash flow hedging derivatives 2)	<u>-114</u>
Total shareholders' equity at 1 January 2001	<u><u>10 752</u></u>

1) Available-for-sale investments in debt and equity securities and investments in unlisted equity shares are measured at fair value unless investments are held for trading or originated loans or unlisted equities cannot be measured reliably.

2) Gains and losses on foreign exchange forward contracts that are properly designated and are highly effective as cash flow hedges of highly probable forecast foreign currency cash flows are deferred in a hedging reserve within equity. Previously, such gains and losses were reported as deferred income or expenses.

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding 1) the timing of product deliveries; 2) the Company's ability to develop and implement new products and technologies; 3) expectations regarding market growth and developments; 4) expectations for growth and profitability; and 5) statements preceded by "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements. Because such statements involve risks and uncertainties, actual results may differ materially from the results currently expected by the Company. Factors that could cause such differences include, but are not limited to 1) industry conditions, such as the strength of product demand, the intensity of competition, pricing pressures, the acceptability of new product introductions such as Internet-ready phones, the introduction of new products by competitors, the impact of changes in technology, including the Company's success in the emerging 3G market, the introduction and marketing of new products and services by operators, the ability of the Company to source components from third parties without interruption and at reasonable prices, demand for vendor financing and the Company's ability and willingness to provide such financing and to mitigate the related exposure, and the success and financial condition of the Company's strategic partners and customers; 2) operating factors, such as continued success of manufacturing activities and the achievement of manufacturing efficiencies therein, continued success of product development and inventory risks due to shifts in market demand; 3) general economic conditions in the Company's principal geographic markets and in the wireless telecommunications industry as a whole, and fluctuations in exchange rates, including in particular the impact of the exchange rate between the Euro and the US dollar; as well as 4) the risk factors specified on pages 10 to 16 of the Company's Form 20-F for the year ended December 31, 2000.

NOKIA

Helsinki, October 19, 2001

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- Nokia will report 4Q 2001 results on January 24, 2002 and plans a mid-quarter update on December 11, 2001.
- Results announcements for 1Q, 2Q and 3Q, 2002 are planned for April 18, July 18 and October 17, respectively.
- The Annual General Meeting is expected to be held on March 21, 2002.