

The background of the cover is a close-up, artistic photograph of a blue Nokia mobile phone. The phone's body, earpiece, and a small rectangular label with the Nokia logo are visible. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of depth and texture. The overall color palette is dominated by various shades of blue and black.

# NOKIA

A n n u a l   R e p o r t   1 9 9 7



## NOKIA

Nokia is the world's second largest mobile phone manufacturer and a leading supplier of digital mobile and fixed networks. As a broad-scope telecommunications company, Nokia also supplies multimedia equipment, satellite and cable receivers, computer monitors, as well as other telecommunications related products.

Another record year's results reflect solid achievements in all business areas. In 1997, Nokia had sales in 130 countries, totaling FIM 52.6 billion (USD 9.8 billion), and employed more than 36,000 people.

*It's not just **ideas** and processes.*

*It's more like **design**,*

**INSPIRATION**, *visions, human touch...*

*Nokia Connecting People.*

Nokia offers advanced solutions and products within wireless and wireline telecommunications, including mobile and fixed networks, mobile phones and other terminals for voice, data, picture and video. Global research and develop-

ment activities serve all Nokia entities, contributing to future technologies and bringing added value to our customers. Special attention is given to third generation wireless systems, multimedia and Internet applications, as well as network management solutions.

Nokia strives for continued leadership in the fastest growing global telecommunications segments through speed in anticipating and fulfilling customer and consumer needs, quality in products and processes, as well as openness with people and their new ideas.

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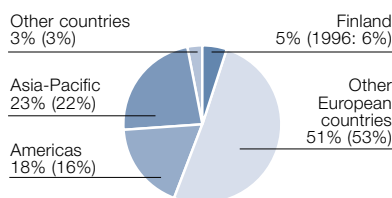
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# Nokia 1997

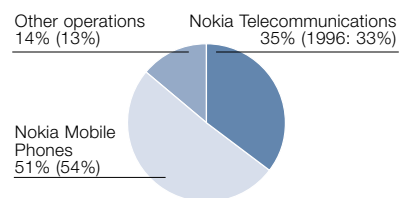
## Highlights

- Nokia sold 21.3 million mobile phones, with a global market share of over 21%.
- Nokia won 12 new GSM infrastructure and 14 new fixed switching customers. Nokia's market share in GSM rose to close to 30%, and Nokia became the largest base station supplier in Europe.
- Nokia introduced the world's first digital satellite receiver with a Common Interface, the Nokia Mediamaster 9600 S.
- Nokia introduced 31 new mobile phone models including the new generation product family, the Nokia 6100 series.
- Nokia expanded its global R&D and established new units in China, Denmark, Japan, Malaysia and Sweden.
- Nokia signed a contract for the delivery of the first operating TETRA digital radio network. Nokia also signed a contract for the delivery of the world's first nationwide digital trunked TETRA network for authorities.
- Nokia introduced a new range of monitors, including its first flat panel display, the Nokia 300Xa.
- Nokia introduced the new Nokia 9000i Communicator with enhanced software features. The product is now also available for GSM 1900 in the Americas.
- Nokia strengthened its IP (Internet Protocol) networking competence by acquiring Ipsilon Networks, Inc.
- Nokia enlarged its corporate bonus plans and introduced a Nokia Connecting People Global Bonus Plan, tied to the company's earnings per share development.

Net sales by market area

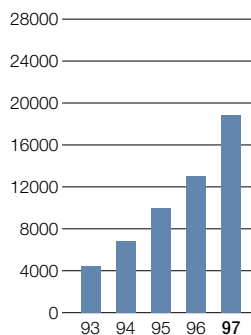


Net sales by business group

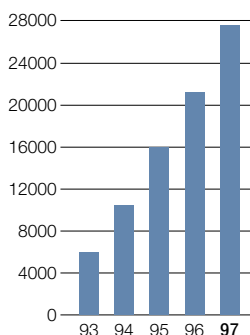


Net sales in 1997 totaled MFIM 52 612.

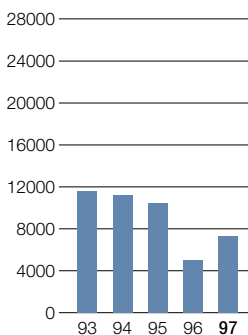
**Nokia  
Telecommunications  
Net sales, MFIM**



**Nokia  
Mobile Phones  
Net sales, MFIM**



**Other  
Operations  
Net sales, MFIM**



**Key Data**

	1997	1996	Change, %
Net sales, FIM million	52 612	39 321	+34
Operating profit, FIM million	8 454	4 266	+98
Profit before taxes, FIM million	8 371	3 898	+115
Profit from continuing operations, FIM million	5 998	3 044	+97
Average number of shares (1 000 shares)	283 282	283 561	
Earnings per share, FIM	21.17	10.73	+97
Dividend per share, FIM	7.50 *	3.50	+114
Return on capital employed, %	38.3	22.7	
Net debt to equity (gearing), %	-35	-9	
Research and development, FIM million	4 560	3 514	+30
Capital expenditure**, FIM million	2 402	2 028	+18

1997	Net sales MFIM	Operating profit MFIM	Personnel Dec. 31
Nokia Telecommunications	18 826	4 053	17 168
Nokia Mobile Phones	27 643	3 837	13 371
Other Operations	7 239	564	6 108
Inter-business group eliminations	-1 096		
<b>Nokia Group</b>	<b>52 612</b>	<b>8 454</b>	<b>36 647</b>

The key data above as well as the information given in the Review by the Board of Directors is based on financial statements according to International Accounting Standards, IAS, presented on pages 29–32. Calculation of key ratios is explained on page 61.

\* Board's proposal.

\*\* Excl. acquisitions and R&D capitalization.

Currency rates at year-end	1997	1996
1 FIM = USD	0.187	0.215
GBP	0.112	0.129
SEK	1.443	1.476
DEM	0.331	0.335
FRF	1.108	1.133
JPY	24.056	24.618
XEU	0.167	0.174

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