NOKIA

PRESS RELEASE

Nokia Interim Report January - March 1997

Nokia Group's net sales for the first three months in 1997 totaled FIM 11 331 million (FIM 7 931 million in 1996. Net sales increased by 43% compared to the first quarter of 1996. Strong growth continued both at Nokia Telecommunications (34%) and at Nokia Mobile Phones (58%) over the January-March period in 1996. Excluding the impact of discontinued businesses, Other Operations grew by 53% in the first quarter of 1997 compared to the same period of 1996.

Nokia's operating profit (IAS, International Accounting Standards) increased by 186% compared to the first quarter of 1996 and was FIM 1 462 million (FIM 512 million in 1996).

The increase in Nokia's operating profit was mainly attributable to the significant improvement in the operating profit of Nokia Mobile Phones. The business group recorded a healthy profitability level compared to a slight operating loss in the first quarter of 1996. With continued strong sales growth, Nokia Telecommunications reported higher profits than in the comparable period a year ago. Operating profit of Other Operations was also higher than in the first quarter of 1996.

The Group's net interest and financial expense for the January-March period was FIM 10 million (FIM 113 million in 1996).

Profit before taxes and minority interests totaled FIM 1 452 million (FIM 399 million in 1996). The Group's net profit for the period totaled FIM 1 073 million (FIM 324 million in 1996).

With positive cash flow from operations, Nokia's financial position continued to improve. At the end of March, the net debt-to-equity ratio was -18% (-9% at the end of 1996). In January-March 1997, capital expenditures amounted to FIM 507 million (FIM 471 million in 1996).

The average number of personnel for the January-March period was 32 650 (32 178 in 1996).

Strategic Agreements

An important element of Nokia's business strategy is to augment its internal R&D by entering into alliances and cooperation arrangements with other leading industry participants.

Japan's leading cellular operator NTT Mobile Communications Network, Inc. (NTT DoCoMo) recently announced its selection of Nokia to participate in the development of NTT DoCoMo's third generation experimental mobile telephone system which will be based on W-CDMA (Wide-band Code Division Multiple Access) technology. The NTT DoCoMo schedule calls for first implementation of this third generation technology in the year 2000. Nokia's participation augments the company's leading position in third generation mobile telephony development and places the company at the very forefront of third generation technologies.

Nokia was selected to become the first Associate member of the Microelectronics and Computer Technology Corporation (MCC) from outside of North America. MCC is a leading technology research and development consortia for the development of information technologies and advanced electronics. Participation in MCC efforts will augment Nokia's new product development activities including technology roadmapping and evaluation of leading-edge products.

Business Groups

Nokia Telecommunications

Nokia Telecommunications' January-March net sales totaled FIM 3 734 million, compared to FIM 2 777 million in 1996, an increase of 34%.

The business group's order inflow remained strong. Nokia strengthened its position on the Chinese market by signing GSM network expansion agreements with the Beijing, Yunnan and Henan telecom authorities. In total, these agreements are valued at approximately FIM 800 million.

With construction of the digital DCS networks getting underway in China, Nokia signed an agreement to supply DCS 1800 technology to the Shanghai telecom authority in March. In Thailand, Nokia is expanding the DCS 1800 network for its customer TAC (Total Access Communications). The expansion agreement is valued at approximately FIM 250 million. These agreements reinforce Nokia's position as the world's leading supplier of DCS 1800 networks.

The development of TETRA (Trans European Trunked Radio) radio telephony networks based on digital trunking technology builds on Nokia's strong position in the analogue PMR (Professional Mobile Radio) market. Early this year, Nokia signed its first TETRA agreements with the Helsinki Energy Company in Finland and Oslo Energi Tele in Norway.

Nokia continued expansion of its operations in the European deregulated markets by signing an agreement to supply its DX 200 switching technology to Redstone Services Ltd., a new British operator. In the Philippines, Nokia will supply Globe Telecommunications with the access network for Globe's fixed network services, including the access nodes and SDH (Synchronous Digital Hierarchy) transmission systems.

In SDH systems Nokia has strengthened its competitive position through the introduction of its new Synfonet access node and the compact STM (Synchronous Transport Module) 16 node. Nokia has a comprehensive SDH product family, allowing operators to build and expand their networks flexibly, cost-efficiently and in accordance with demand.

Reinforcing Nokia's position as a leading developer of wireless technology applications, Nokia introduced its Artus product family, enabling cellular operators to offer commercial wireless data services, such as Internet access and corporate intranet access.

Nokia Mobile Phones

Nokia Mobile Phones' January-March net sales totaled FIM 6 151 million, compared to FIM 3 889 million in 1996, an increase of 58%.

Growth in demand for cellular phones continued in Europe, Asia and the Americas, with growth being the strongest in digital technologies.

During the January-March period, Nokia introduced a number of new products. For the U.S. market, Nokia launched the digital Nokia 2190 EFR phone for GSM 1900 networks, incorporating the Enhanced Full Rate (EFR) voice coding system for improved voice quality. Initiated by Nokia the EFR is the industry standard codec for GSM 1900 phones. For the analog AMPS market, Nokia introduced the Nokia 918, a slim and lightweight handset.

In February, Nokia announced that its TDMA IS-136 wireless phones (currently the Nokia 2160) will be equipped with the new EFR vocoder. Deliveries will start in the third quarter of 1997. Nokia also announced that it has designed its own CDMA chip set for use in Nokia CDMA IS-95 handsets, scheduled for delivery in the summer of 1997.

Nokia strengthened its position as the market leader providing a comprehensive range of digital cellular mobile phones by introducing several new GSM/DCS 1800 products. For the high-end GSM segment, Nokia introduced an enhanced version of the award-winning curved-shaped Nokia 8110, the Nokia 8110i, which incorporates the Nokia-developed Smart Messaging concept, enabling access to various operator-specified Internet services directly from the handset. For the mid-range GSM segment, Nokia introduced the new Nokia 3110 with the unique Navi Key(TM), allowing access to functions by a single button. In the consumer phone segment, Nokia introduced the Nokia 1611, a new version of the Nokia 1610, with long operating times and a unique solar battery option.

For the European and Asian DCS 1800 networks, Nokia introduced the Nokia 8148, and announced the availability of the Nokia 9000 Communicator for DCS 1800 networks as of April. For the Asian markets, Nokia introduced the Nokia 3810 GSM mobile phone, with Asian user interface and short messaging system.

Nokia also announced two advanced data solutions for the wireless data market. The Nokia Cellular Card Phone, a GSM phone in a PCMCIA card, turns a laptop computer into a wireless office without need for a separate cellular phone, interface adapters or cables. The Nokia Cellular Data Suite, a software-based data solution for use in the Windows .95/Windows NT environment, provides an alternative to the PCMCIA card. To enhance the compatibility of Nokia's mobile phones with a broad range of data devices Nokia signed an agreement with Psion Dacom of the UK for GSM Data application development. Nokia has also entered into an agreement with Sendit AB from Sweden, the leading provider of Internet e-mail servers to digital cellular network operators, for collaboration on solutions for Mobile Internet.

In response to the growing importance of wireless technologies in meeting basic telecom needs, Nokia announced major deliveries of its wireless payphones to Thailand and South Africa and introduced a small-sized, integrated GSM 1900 wireless payphone for the American market.

For the analogue NMT 900 networks, Nokia introduced the new Nokia RinGo mobile telephone.

Other Operations

In the January-March period, net sales of Nokia's Other Operations, totaled FIM 1 632 million, compared to FIM 1 498 million in 1996. Excluding the changes in the structure of Other Operations, sales grew by 53%. Growth was strong in both Nokia Multimedia Network Terminals and Nokia Industrial Electronics.

Nokia Multimedia Network Terminals entered new DVB (Digital Video Broadcasting) terminal markets in the UK and China, introducing the new "Free-To-Air" terminal concept, and announced technology cooperation with Siemens of Germany to develop semiconductor solutions for the digital terrestrial market. In this area Nokia also cooperates with Teracom of Sweden.

In March, Nokia introduced its World Wide Web and data downloading features in the Nokia Mediamaster through the Multimedia Network Terminal Skybrowser concept. Nokia also introduced its new 17, 19 and advanced 21 inch monitors. Additionally, Nokia introduced its first flat LCD (Liquid Crystal Display) monitor. These products will be available in the second half of 1997.

Statement by mr. Jorma Ollila, President and CEO

Nokia's results for the first quarter in 1997 showed continued strong growth and good profitability. The operating efficiencies achieved by Nokia Mobile Phones as well as the continued strong results from Nokia Telecommunications enhanced our leading position in many of the fastest growing segments in the telecommunications industry.

In this high growth environment we note with satisfaction that cash flow from operations was positive at FIM 1.8 billion, further improving our financial position. Our strong balance sheet provides a solid foundation to meet market challenges and serves us well in pursuing our strategies for future growth. At the same time we will continue our conservative financial approach to managing risk by closely monitoring market developments, the customer base and technological changes.

Geographically, the quarter highlighted the importance of the Asia-Pacific market with important orders for GSM/DCS infrastructure in China and Thailand, as well as strong consumer demand for our mobile phones. We will continue to invest in this, the world's most rapidly growing telecommunications market, and we are especially pleased at having become a full-fledged partner for the development of third generation digital mobile systems in Japan. In the first quarter Asia-Pacific accounted for 23% of our net sales.

Nokia's rapid growth has been based on our ability to identify and exploit the fastest growing segments of the telecommunications industry, such as digital cellular technology, where we are now continuing to build on our position as the world's number one digital mobile phone supplier and as one of the two leading GSM/DCS network suppliers.

We intend to strengthen our position as a leading global supplier of telecommunications systems and equipment. This requires speed in anticipating and fulfilling evolving customer needs, quality in products and processes and openness with people and ideas.

We believe that in an environment characterized by increasing competition and diversification these are key elements for continued growth and profitability. Our strategic alliances with other leading industry participants together with the introduction of several new products are evidence of our commitment to meet this challenge.

During the first quarter we introduced many important new solutions and products for our operator customers and the end-user market. We believe that, for example, the new Nokia 8110i and Nokia 3110 phones and the Nokia 1600 product line, as well as the Artus wireless data product family and the SDH products, will have a positive impact on our sales and will further solidify our position in the market place.

Our first quarter results give us further confidence in our previously stated positive outlook for strong growth and good profitability for 1997, but as always, actual performance will depend on a variety of external factors, including economic development in our major market areas and industry conditions.

Consolidated Profit and Loss Account, IAS
(unaudited)

	1-3/1997		1-3/1996		1-12/1996	
	MFIM	%	MFIM	%	MFIM	%
Net Sales	11 331	100.0	7 931	100.0	39 321	100.0
Cost of goods sold	-7 748		-5 869		-28 029	
Research and development expenses	-978		-786		-3 514	
Selling, general and administrative expenses	-1 143		-764		-3 512	
Operating profit	1 462	12.9	512	6.5	4 266	10.8
Share of results of associated companies	-		-		37	
Financial income and expenses	-10		-113		-405	
Profit before tax and minority interests	1 452	12.8	399	5.0	3 898	9.9
Tax	-407		-83		-856	
Minority interests	28		8		2	
Profit from continuing operations	1 073	9.5	324	4.1	3 044	7.7
Discontinued operations	-		-		219	
Net profit	1 073	9.5	324	4.1	3 263	8.3
Earnings per share (FIM):						
Continuing operations	3.79		1.14		10.73	
Depreciation	556		498		2 236	

Currency rate March 31, 1997, 1 FIM = 0.198 USD

Net Sales by Business Group, MFIM

	1-3/1997	1-3/1996	Change %	1-12/1996
Nokia Telecommunications	3 734	2 777	34.5	13 333
Nokia Mobile Phones	6 151	3 889	58.2	21 579
Other Operations *	1 632	1 498	8.9	5 197
Inter-business group eliminations	-186	-233		-788
Nokia Group	11 331	7 931	42.9	39 321
* of which Discontinued and Divested Operations	-	429		589

Currency rate March 31, 1997, 1 FIM = 0.198 USD

Consolidated Balance Sheet, IAS
(unaudited)

	31.3.1997 MFIM	31.3.1996 MFIM	31.12.1996 MFIM
Assets			
Fixed assets and other non-current assets	8 606	7 845	8 409
Current assets			
Inventories	6 921	9 723	6 423
Accounts receivable	11 235	9 150	10 898
Cash and cash equivalents	7 326	3 872	7 545
	25 482	22 745	24 866
Total assets	34 088	30 590	33 275
Shareholders´ Equity and Liabilities			
Shareholders´ equity	16 064	14 081	15 925
Minority shareholders´ interests	63	26	29
Long-term liabilities	1 975	1 954	2 414
Current liabilities	15 986	14 529	14 907
Total shareholders´ equity and liabilities	34 088	30 590	33 275
Shareholders´ equity per share (FIM)	56.71	49.61	56.24

Currency rate March 31, 1997, 1 FIM = 0.198 USD

Contingent Liabilities
(unaudited)

Nokia Group	31.3.1997 MFIM	31.3.1996 MFIM	31.12.1996 MFIM
Pension fund liability			
Liability of pension funds	1	1	2
Liability for bills of exchange	5	44	1
Mortgages			
As security for loans			
For own debts	67	237	254
As security for other commitments			
For own commitments	13	113	37
Assets pledged			
As security for own debts	63	66	62
Guarantees			
Guarantees for loans			
As security for loans of associated companies	6	256	6
As security for loans of other companies	125	49	82
Other guarantees and commitments			
As security for own commitments	1 053	864	991
Leasing obligations	1 136	1 423	1 181

Currency rate March 31, 1997, 1 FIM = 0.198 USD

Notional Amounts of Derivative Financial Instruments[1)]

	31.3.1997 MFIM	31.3.1996 MFIM	31.12.1996 MFIM
Foreign exchange forward contracts [2), 3)]	36 018	31 935	30 714
Currency options bought	6 493	4 585	5 796
Currency options sold	6 871	3 291	5 827
Interest rate forward and futures contracts [2)]	18 596	22 903	25 519
Interest rate swaps	1 178	456	1 645
Interest rate options bought	1 216	966	1 139
Interest rate options sold	1 040	892	342

Currency rate March 31, 1997, 1 FIM = 0.198 USD

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding the timing of product introduction, and expectations for growth and profitability, 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 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 and the financial condition of the Company's customers; 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 specified in the Company's Form 20-F.

Exception nr. 1448, granted by the Accounting Board (KILA), February 10, 1997.