

Nokia in 1994

Key Ratios, IAS

	1994	1993	1992	1991	1990
Earnings per share, FIM	43.9	12.3	neg.	neg.	5.5
Dividend per share, FIM	10.0	2.8	2.0	2.0	2.8
Profit/loss before tax etc, % of net sales	13.3	4.8	-0.9	-2.1	3.2
Return on capital employed, %	25.4	14.7	5.9	3.4	9.7
Return on shareholders' equity, %	31.6	11.6	neg.	neg.	4.7
Net tangible assets per share, FIM	166.9	90.5	100.6	100.2	94.1
Net debt to equity, %	4	52	68	51	67

Nokia Group net sales climbed to FIM 30.2 billion in 1994 (FIM 23.7 billion in 1993). This represents growth of 38% when allowing for changes in currency exchange rates and in the structure of the Group.

Nokia Group operating profit (IAS) increased 146% and was FIM 3596 million (1465 million in 1993). The operating margin was 11.9% (6.2% in 1993).

Nokia continued its international expansion by emphasizing its telecommunications businesses in 1994. The telecommunications sector, comprising Nokia Telecommunications, Nokia Mobile Phones and telecommunication cables, generated 64% of the Group's 1994 net sales, compared to 52% for the previous year.

When focusing on its core businesses Nokia sold its Power division at years-end and announced its intention to sell its majority shareholding in Nokia Tyres during 1995. Nokia Consumer and Industrial Electronics discontinued the operations of its Picture Tubes unit. Nokia Cables and Machinery sold its units outside its core business and concentrated on its main products, cables and cable machinery. Additionally, Nokia and ICL signed an agreement for the early redemption of Nokia's preferred share interest in ICL.

70% of Nokia Group net sales were generated in Europe. However, the Group showed strongest growth in North America and in the Asia-Pacific region. These areas accounted for 25% of the Group's net sales.

In 1994, Nokia made substantial investments in product development and production. Total fixed asset investments amounted to FIM 2 billion, an increase of 66% over the previous year.

Nokia spent a total of FIM 1.9 billion, or 6.4% of net sales, on research and development in 1994. Product development costs grew 32% over the previous year and were primarily targeted at the telecommunications sector.

Nokia's employment has grown commensurate with its operations. The telecommunications business units, Nokia Telecommunications and Nokia Mobile Phones increased employment by a total of 5048 people during the year, the majority of them in Finland. At the end of 1994 the Group employed 28593 people, with the average number of personnel for the year being 28043.

The Group's net financial items saw a gain of FIM 384 million, compared to a loss in the previous year of FIM 347 million. The Group's profit before taxes, minority interests and extraordinary items (IAS) increased 249% to FIM 4002 million (1146 million in 1993).

Minority shareholders' share of the Nokia Group's profit totalled FIM 75 million (80 million in 1993). The Group's taxes rose to FIM 932 million (299 million in 1993).

The Group's profit after taxes and minority interests, but before extraordinary items, increased 290% to FIM 2995 million (767 million in 1993). The earnings per share was up 257% to FIM 43.89 (FIM 12.29 in 1993).

In addition to the FIM 760 million profit net of tax realised on the sale of the Nokia Power business, the FIM 944 million extraordinary item also includes, among other things, proceeds on the sale of the fixed assets from the discontinued TV picture tube factory.

After extraordinary items, Nokia's profit for the financial period was FIM 3939 million (a loss of 1150 million in 1993).

The Group's financial position continued to strengthen during 1994. The net debt-to-equity ratio was 4% (52% in 1993) at the end of the year.

The Board of Directors of Nokia will recommend at the Annual General Meeting that a dividend of FIM 10 per share (FIM 2.80 in 1993) be paid on common and preferred shares.

Additionally the Nokia Board of Directors will propose that the par value of common and preferred shares be divided by four, i.e. from FIM 20 to FIM 5. The Board of Directors shall also propose that the current preferred shares be renamed "A" shares and the current common share become "K" shares.

Business Groups

Nokia Telecommunications' net sales increased 51% and totalled FIM 6906 million (FIM 4578 million in 1993). Operating profit rose 73% to FIM 1700 million (983 million in 1993). The business group's order book total was FIM 4.7 billion at the end of the year, which was 36% more than at the end of 1993. Growth was fastest in cellular systems. Nokia continued to strengthen its position as the second largest supplier of GSM and DCS equipment. The company's position was also strengthened in the fixed networks business in the deregulated telecommunications sector in Europe and Asia.

Nokia Mobile Phones' net sales increased 70% and totalled FIM 10702 million (6314 million). Operating profit was up 84% to FIM 1745 million (950 million in 1993). In 1994 Nokia launched mobile phones for all digital systems and started sales in Japan, as the Japanese digital networks were opened. Digital cellular phones constituted a significant, about 20% share of the overall market for the first time. The introduction of new products further strengthened Nokia's market position. 1994 was also a breakthrough year for wireless data.

Nokia Consumer and Industrial Electronics' net sales declined from the previous year and totalled FIM 6769 million (6938 million in 1993). The operations of the Picture Tubes unit are not included in the figures for 1994. With comparable figures, the net sales of the business group increased by 4%. Rationalisation measures in the Consumer Electronics division (called Home Electronics in 1993) continued on schedule and the division's profitability improved significantly. Nokia Consumer and Industrial Electronics' operating result improved substantially and the business group recorded a profit of FIM 19 million (a loss of 747 million in 1993).

Cables and Machinery's net sales in 1994 totalled FIM 4768 million (4933 million in 1993). The business group concentrated on its core business operations during the year in order to boost its ability to respond to intensifying competition. Cable Industry's net sales increased to FIM 3268 million (2734 million in 1993). The division's profitability remained at the previous year's level. Net sales by the cable machinery manufacturer Nokia-Maillefer increased 15% to FIM 1117 million (973 million in 1993). Nokia-Maillefer's results remained at the previous year's level. Net sales by the Aluminium unit, which Nokia will sell in 1995, increased and its results improved. Cables and Machinery's operating profit totalled FIM 191 million (261 million in 1993).

Other Operations' combined net sales totalled FIM 1589 million (1500 million in 1993). At the end of the year, the Group sold its Power operations. In addition, it announced its intention to sell its majority shareholding in Nokia Tyres and list the company on the Helsinki Stock Exchange in 1995.

Nokia 1990 - 1994, IAS
Profit and Loss Account, MFIM

	1994	1993	1992	1991	1990
Net sales	30 177	23 697	18 168	15 457	22 130
Costs and expenses	-26 581	-22 232	-17 880	-15 553	-21 047
Operating profit/loss	3 596	1 465	288	-96	1 083
Share of results of associated companies	22	28	-5	9	22
Financial income and expenses	384	-347	-441	-237	-394
Profit/loss before tax, minority interests and extraordinary items	4 002	1 146	-158	-324	711
Tax	-932	-299	-167	-231	-253
rests	-75	-80	-88	-49	-114
Profit/loss before extraordinary items	2 995	767	-413	-604	344
Extraordinary items	944	-1 917	-310	393	-69
Net profit/loss	3 939	-1 150	-723	-211	275

Nokia 1990 - 1994, IAS
Balance Sheet Items, MFIM

	1994	1993	1992	1991	1990
Fixed assets and other noncurrent assets	7 943	7 994	7 630	8 263	8 451
Current assets	19 906	14 653	13 608	11 890	13 243
Inventories	6 803	5 129	3 840	3 409	4 020
Accounts receivable and prepaid expenses	7 835	6 227	6 650	4 754	6 070
Cash and cash equivalents	5 268	3 297	3 118	3 727	3 153
Shareholders' equity	12 418	6 511	6 727	7 393	7 501
Minority shareholders' interests	536	695	600	540	-
Long-term liabilities	3 557	4 080	3 705	4 373	5 594
Long-term debts	3 071	3 397	3 124	3 896	5 151
Other long-term liabilities	486	683	581	477	443
Current liabilities	11 319	11 520	10 111	7 787	8 059
Short-term borrowings	2 453	3 435	3 835	2 797	3 098
Current portion of long-term loans	278	139	1 221	1 086	280
Accounts payable and accrued liabilities	8 086	5 976	4 314	3 389	4 464
Advance payments	502	534	399	202	217
Restructuring provision	-	1 436	342	313	-
Total assets	27 849	22 647	21 238	20 153	21 694

Nokia 1990 - 1994, IAS**Net Sales by Business Group, MFIM**

	1994	1993	1992	1991	1990
Nokia Telecommunications	6 906	4 578	3 207	1 849	2 503
Nokia Mobile Phones	10 702	6 314	3 641	2 516	2 333
Nokia Consumer and Industrial Electronics	6 769	6 938	5 761	5 281	6 399
Nokia Data	-	-	-	-	4 893
Cables and Machinery	4 768	4 933	4 619	4 719	5 359
Basic Industries *	-	-	-	1 525	1 821
Other Operations	1 589	1 500	1 354	-	-
Inter-business group eliminations	-557	-566	-414	-433	-1 178
Nokia Group	30 177	23 697	18 168	15 457	22 130

* 1992 - 1994 Nokia Tyres and Nokia Power are included in the group "Other operations".

Nokia 1990 - 1994, IAS**Net Sales by Market Area, MFIM**

	1994	1993	1992	1991	1990
Finland	3 449	3 547	3 691	4 014	6 579
Other European countries	17 758	14 448	10 693	8 877	13 581
North America and Mexico	3 496	1 985	1 532	768	564
Asia/Pacific	3 821	2 768	1 383	1 141	834
Other countries	1 653	949	869	657	572
Total	30 177	23 697	18 168	15 457	22 130

Nokia 1990 - 1994, IAS**Operating Profit/Loss by Business Group, MFIM**

	1994	1993	1992	1991	1990
Nokia Telecommunications	1 700	983	427		
Nokia Mobile Phones	1 745	950	437		
Nokia Consumer and Industrial Electronics	19	-747	-783		
Electronics business groups total **				-230	522
Cables and Machinery	191	261	114	97	383
Basic Industries *	-	-	-	216	246
Other Operations	-59	18	93	-179	-68
Nokia Group	3 596	1 465	288	-96	1 083

* 1992 - 1994 Nokia Tyres and Nokia Power are included in the group "Other operations". ** Nokia Data was included in Electronics business groups in 1990.

Nokia 1990 - 1994, IAS
Average Personnel

	1994	1993	1992	1991	1990
Nokia Telecommunications	7 187	5 867	4 905	4 474	3 821
Nokia Mobile Phones	5 826	3 759	3 147	3 545	3 271
Nokia Consumer and Industrial Electronics	8 307	8 675	10 261	10 854	11 573
Nokia Data	-	-	-	-	7 719
Cables and Machinery	4 963	5 893	6 682	7 766	8 373
Basic Industries *	-	-	-	1 874	2 112
Other Operations	1 760	1 607	1 775	654	467
Nokia Group	28 043	25 801	26 770	29 167	37 336
In Finland	14 984	13 813	13 752	14 588	18 096
Outside Finland	13 059	11 988	13 018	14 579	19 240

* 1992 - 1994 Nokia Tyres and Nokia Power are included in the group "Other operations".