NOKIA

PRESS RELEASE

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NOKIA IN 1998

Excellent fourth quarter closes a record year

Nokia today reports stronger results than for any year before. Growth exceeded the company's targets and profits were the highest in the company's history.

Net sales grew by 51% to FIM 79 231 million and operating profit by 75% to FIM 14 799 million. Operating margin was 18.7% and earnings per share increased by 66% to FIM 17.56. Nokia´s Board of Directors will propose a dividend of FIM 5.75 per share.

Commenting on the results, Nokia President and CEO Jorma Ollila pointed out: "Continued strong growth and excellent profits in the last quarter led to a record year. We strengthened our market position in many areas and have every reason to be pleased with the results and performance in our major businesses. I am proud of the dedication with which all Nokia employees met the challenges of continued strong growth and change. "

"In 1998, a total of 58% of our sales originated from Europe, 21% from the Americas and 21% from Asia Pacific. Nokia continued to be the preferred choice of many new operators, as well as of existing customers expanding their networks. We estimate that the number of mobile phones sold during 1998 was approximately 163 million. Nokia´s total phone sales volume for the year was 40.8 million. In early December we manufactured our 100 millionth phone", said Ollila.

Million FIM	**1998**	**1997**	**Change %**	**4Q/1998**	**4Q/1997**
Net sales	79 231	52 612	+ 51	25 877	15 857
Nokia Telecommunications	26 103	18 826	+ 39	8 338	6 368
Nokia Mobile Phones	47 984	27 643	+ 74	16 074	7 505
Other Operations	6 029	7 239	- 17	1 581	2 302
Operating profit	14 799	8 454	+ 75	5057	2 830
Profit before tax and minority interests	14 603	8 371	+ 74	4 971	2 835
Profit from continuing operations	9 992	5 998	+ 66	3 474	2 018
Net profit	10 408	6 259	+ 66	3 474	2 018
Earnings per share from continuing operations, FIM, basic, split adjusted	17.56	10.59	+ 66	6.09	3.56

NOKIA IN OCTOBER - DECEMBER 1998

Nokia´s net sales in the fourth quarter 1998 increased by 63% compared to the same period in 1997 and totaled FIM 25 877 million (FIM 15 857 million in 1997). Strong sales growth continued in Nokia Telecommunications at 31% and in Nokia Mobile Phones at 114%. Sales of Other Operations were lower than in the same period a year ago.

Operating profit (IAS, International Accounting Standards) for the 1998 fourth quarter increased by 79% to FIM 5 057 million (FIM 2 830 million in 1997), representing an operating profit margin of 19.5% (17.8% in 1997). Both Nokia Telecommunications and Nokia Mobile Phones reported higher quarterly operating profit than a year ago. Other Operations reported an operating loss for the fourth quarter.

Net interest and financial expenses for the fourth quarter 1998 totaled FIM 90 million (FIM 16 million in 1997). Profit before tax and minority interests (IAS) totaled FIM 4 971 million (FIM 2 835 million in 1997). Net profit totaled FIM 3 474 million (FIM 2 018 million in 1997).

NOKIA TELECOMMUNICATIONS´ net sales for the 1998 fourth quarter increased by 31% to FIM 8 338 million (FIM 6 368 million in 1997). Sales growth was particularly strong in Europe.

As voice traffic continues to shift towards wireless networks, operators need to meet growing capacity demands in GSM networks. In October, Nokia launched its High Capacity GSM system and signed agreements to supply new High Capacity GSM equipment to customers in Singapore and Finland.

Nokia started to supply complete GSM networks to new customers in Malaysia and the U.S., and made a contract to supply the first dual band GSM network in the Philippines. Existing GSM customers continued to make additional network investments. Expansion contracts were announced for dual band networks in China and Finland, and GSM 900 in China, Latvia and the Netherlands.

Based on the increasing need for higher data speeds in GSM networks, Nokia signed agreements to supply its HSCSD (High Speed Circuit Switched Data) solutions to a number of operators, including Hongkong Telecom and New World PCS in China.

Nokia signed a significant contract with StarHub in Singapore which not only included the supply of a complete GSM network, but also the provision of an integrated fixed and mobile voice solution, using Nokia's DX 200 switching combined with Nokia's IN (Intelligent Network), providing a common platform for fixed and mobile services. Nokia will also supply its DX 200 digital switching equipment to Tele2's Europe-wide fixed network. In addition, Nokia signed significant contracts for the supply of SDH (Synchronous Digital Hierarchy) transmission equipment.

In fixed networks, operators are looking towards the provision of data services, particularly through the use of broadband and Internet technologies. Nokia will provide the world's first nationwide ADSL (Asymmetric Digital Subscriber Line) and IP (Internet Protocol) network for Telecom New Zealand with its total broadband solution, enabling the delivery of high speed data services using the existing copper network.

Nokia continued to develop its third generation technologies and announced plans to test a third generation mobile system in China. In addition, Nokia signed a memorandum of technology and industrial cooperation with the Ministry of Information Industry of the People's Republic of China (MII), which will enable further development of second and third generation technologies in China.

UUNET, an Internet service provider based in Germany, chose Nokia to supply its Internet firewall solution for all countries within the European Union.

NOKIA MOBILE PHONES´ net sales for the 1998 fourth quarter increased by 114% to FIM 16 074 million (FIM 7 505 million in 1997). Reflecting the strong demand for Nokia´s mobile phones in all major markets, Nokia Mobile Phones again broke its earlier sales volume records. Nokia continued to complement its comprehensive product portfolio and strengthened its global market position.

In October Nokia introduced a new, lifestyle phone to the Japanese market. Nokia also introduced a new Nokia RinGo model for ETACS (Enhanced Total Access Communications System) networks, offering in an analog phone many of the features found in digital handsets; e.g. the Nokia Navi™Key, 3 Volt technology and a battery save function. Nokia started to deliver the new Nokia RinGo in December.

Nokia also introduced the Nokia 650, the world´s smallest phone for NMT 450 standard. The Nokia 650 represents a new generation of high-end NMT phones, incorporating many of the features of the digital

Nokia 6100 series, with a special addition of a built-in FM radio. Deliveries of the Nokia 650 are expected to start in the first quarter 1999.

In November Nokia introduced the first mobile phone with infrared connectivity and a slide cover for the Japanese PDC market. The new phone weighs 92 grams, and also incorporates Nokia´s "YO-BE-BA" voice recognition function. The phone is expected to be available in a range of colors during the first quarter 1999.

In December Nokia announced that it has reached the milestone of 100 million mobile phones manufactured. Nokia also announced a production capacity expansion program of approximately FIM 1 billion during 1999 for its mobile phone factory in Bochum, Germany. The investment includes several new assembly lines and the construction of new facilities.

OTHER OPERATIONS´ net sales for the 1998 fourth quarter decreased by 31% to FIM 1 581 million (FIM 2 302 million in 1997).

Nokia Multimedia Terminals´ sales continued to be adversely affected by slow market growth in Germany. Nokia entered into cooperation with several new partners in Europe, Asia Pacific and the Americas. In Europe Nokia signed agreements to supply Digital Cable TV terminals to France Télécom Cable and Telenor of Norway. Nokia also signed supply agreements in Brazil and in the Philippines.

In Sweden Nokia participated in the first Scandinavian digital terrestrial broadcasting service launch together with Teracom and Senda further strengthening Nokia´s position as one of the leading suppliers of digital terrestrial terminals for DVB-T (Digital Video Broadcasting -Terrestrial) services reception worldwide.

Nokia Industrial Electronics´ sales continued to be adversely affected by strong competition in the display market resulting in price erosion. Nokia began the deliveries of Nokia 800Xi, a new 18" LCD display, and was among the first producers in the market in December. This model includes high-end features, such as excellent picture quality and a 170 degree horizontal and vertical viewing angle.

During the quarter, Nokia started display production at its new facility at Reynosa, Mexico. Nokia also started to transfer display production from Salo, Finland to Pecs, Hungary.

REVIEW BY THE BOARD OF DIRECTORS FOR 1998

Nokia´s net sales in 1998 increased by 51% compared to 1997 and totaled FIM 79 231 million (FIM 52 612 million in 1997). Sales in Nokia Telecommunications grew by 39% to FIM 26 103 million (FIM 18 826 million in 1997) and in Nokia Mobile Phones by 74% to FIM 47 984 million (FIM 27 643 million in 1997). Sales decreased in Other Operations by 17% to FIM 6 029 million (FIM 7 239 million in 1997).

Operating profit (IAS, International Accounting Standards) grew by 75% and totaled FIM 14 799 million (FIM 8 454 million 1997). Operating margin improved to 18.7% (16.1% in 1997). Operating profit in Nokia Telecommunications increased to FIM 5 706 million (FIM 4 053 million in 1997) and in Nokia Mobile Phones to FIM 9 158 million (FIM 3 837 million in 1997). Other Operations showed an operating loss of FIM 65 million (profit of FIM 564 million in 1997) primarily due to lower profitability at Nokia Industrial Electronics as well as substantial investments into future business opportunities at Nokia Ventures Organization.

Net financial expenses totaled FIM 234 million (FIM 137 million 1997). Profit before tax and minority interests totaled FIM 14 603 million (FIM 8 371 million in 1997). Taxes amounted to FIM 4 380 million (FIM 2 274 million in 1997). Profit from continuing operations was FIM 9 992 million (FIM 5 998 million in 1997).

Basic earnings per share from continuing operations was FIM 17.56 (adjusted for share split FIM 10.59 in 1997). Net profit was FIM 10 408 million (FIM 6 259 million in 1997). Total capital expenditures in 1998 amounted to FIM 4 526 million (FIM 2 402 million in 1997). Net debt to equity ratio (gearing) was -36% at the end of the year (-35% at the end of 1997).

Enhancing global market position

Nokia continued to enhance its global market position in the growing telecommunications industry. Based on the number of products manufactured, as well as other relevant market information, Nokia believes it became the world´s largest mobile phone manufacturer in 1998. Nokia also continued to be the world´s largest GSM 1800 infrastructure supplier and one of the two largest GSM 900 suppliers.

In 1998 Europe accounted for 58% of Nokia´s net sales (59% in 1997), the Americas 21% (18% in 1997) and Asia Pacific 21% (23% in 1997). The 10 largest markets were the U.S., China, the UK, Germany, France, Italy, Finland, Austria, Sweden and Australia, together representing 68% of total sales.

Strengthening research and development

Nokia announced a number of investment plans to prepare for further growth of the company. The company made major investments in 1998 to strengthen research and development. At the end of 1998, Nokia had 44 R&D centers in 12 countries and a total of more than 13 000 employees working within R&D, approximately 30% of its total personnel. Nokia´s investments in research and development increased by 50% (by 30% in 1997) and totaled FIM 6 838 million (FIM 4 560 million in 1997), representing 8.6% of net sales (8.7% of net sales in 1997).

Expanding manufacturing capacity

Other major investments included continued expansion of both infrastructure and terminal manufacturing capacities at Nokia´s main manufacturing sites. During the year, Nokia also announced that it will build a new mobile phone factory in Hungary and form a new joint venture to produce and manufacture products for fixed access networks in China and to build a new factory to manufacture GSM base stations in China.

To increase flexibility and to focus on the company´s key core areas, Nokia outsourced part of its production, including the manufacture of multimedia terminals in Sweden and the production of certain fixed and radio access products in Finland to the U.S.-based SCI Systems Inc. Nokia also sold LK-Products, a company manufacturing telecommunications components to the UK-based Filtronic plc. In addition, Nokia outsourced production of its professional mobile radio handsets and certain printed circuit boards in Finland to Enviset, and entered into agreements to increase outsourcing of mobile phone accessories and subassembly production.

At the end of 1998, Nokia´s global production chain included 12 infrastructure manufacturing facilities in 6 countries and 12 terminal manufacturing facilities in 8 countries.

Investing in people

Nokia continued to invest in further building the competencies of its personnel and in recruiting of new personnel worldwide. During 1998, Nokia increased its personnel by a total of 9 819 new employees (6 626 in 1997), excluding the businesses sold in 1998. The average number of personnel for 1998 was 41 091 (35 490 for 1997). At the end of 1998, Nokia employed 44 543 people worldwide (36 647 at year-end 1997).

Nokia continued to offer competitive compensation and benefit programs to its employees. The company has a number of global bonus and compensation programs complementing local programs. For 1998, the 66% increase in earnings per share resulted in the maximum 5% bonus, based on annual base salary, for Nokia's personnel participating in the global Nokia Connecting People Bonus plan.

Increasing know-how

During 1998, Nokia made a number of strategically important acquisitions, signed cooperation agreements and entered strategic partnerships.

Believing that global and open standards help to create markets for high volume products, Nokia is a leading founder of major industry initiatives including Wireless Application Forum (WAP), Symbian and Bluetooth. Nokia will continue to introduce solutions and products based on open standards and technologies in 1999 and beyond. In December Nokia strengthened its position in IP technologies with the acquisition of Canada-based Vienna Systems, specialist in IP telephony.

To enhance its own broadband access-related R&D, Nokia signed a cooperation agreement with Diamond Lane Communications Corporation, one of the first companies commercially offering DSL (Digital Subscriber Line) data access. With the Computer Sciences Corporation, Nokia created a global alliance to enhance its system integration offering to network operators.

In June Nokia acquired the GSM terminal research and development unit of Matra Nortel Communications in Germany to enhance its telematics products related R&D. Nokia expects to introduce the first Nokia-developed car telematics solutions in the vehicles of several leading car manufacturers during 1999. In September Nokia acquired the Swedish software company UID to strengthen its development of multimedia terminals.

Building the way to third generation communications
In 1998 ETSI (European Telecommunications Standards Institute) selected WCDMA (Wideband Code Division Multiple Access) as the air interface solution for Europe´s 3rd generation mobile communications. Nokia continued to develop and promote WCDMA air interface to provide wideband wireless multimedia capabilities over evolving GSM core networks.

In early September Nokia announced a successfully completed call with a Nokia-made third generation terminal based on NTT DoCoMo´s trial specification. Nokia also continued to develop other major second and third generation technologies and announced plans to test a third generation mobile system in China.

Implementing new structure
Effective July 1, 1998, Nokia is organized into three business groups: Nokia Telecommunications, Nokia Mobile Phones and Nokia Communications Products. In addition to the business groups, Nokia Ventures Organization is responsible for Nokia´s new start-up businesses and technologies and Nokia Research Center for corporate R&D. Nokia Communications Products, Nokia Ventures Organization, Nokia Research Center as well as Group general expenses are reported under Other Operations for 1998.

Introducing euro
Nokia supports the wide use of the euro from the beginning of the transition period commencing January 1, 1999. The euro zone, formed by the 11 EMU (Economic Monetary Union) member states, is one of the largest markets in the world, which Nokia believes is leading to a more stable operating environment supporting further economic growth.

Beginning with its first quarter 1999 results, Nokia will publish its financial information in euros.

NOKIA TELECOMMUNICATIONS

Net sales of Nokia Telecommunications for 1998 increased by 39% to FIM 26 103 million (FIM 18 826 million in 1997). Sales growth was especially strong in Europe and China. Nokia´s infrastructure order inflow was FIM 30 billion (FIM 23 billion in 1997), an increase of 30%. Operating profit increased 41% to FIM 5 706 million (FIM 4 053 million in 1997) and operating margin was 21.9% (21.5% in 1997).

Nokia continued to build on its position as one of the world's leading suppliers of both mobile and fixed networks and strengthened its market-leading position in the provision of mobile datacom infrastructure. The delivery of fixed datacom products and solutions worldwide also increased.

To meet operators´ increasing capacity requirements, Nokia launched a High Capacity GSM system including new microwave radio technologies. The new solutions include the Nokia DX200 "i-series" switching products, which can bring significant savings in network operations. The Nokia MSCi (Mobile Switching Center) offers the world's highest GSM switching capacity and is capable of handling 400 000 subscribers. The Nokia MetroSite base station sub-system solution offers an increase in network capacity up to ten times that of conventional networks.

During the year Nokia further strengthened its position in GSM. A total of 12 new GSM customers signed agreements with Nokia, and the number of operators to which Nokia supplies GSM technology increased to 78 operators in 37 countries. Nokia is the world leader in the supply of GSM 1800 networks. In GSM 900 growth was strongest in China and Europe. Nokia signed a breakthrough agreement in the Latin American market, supplying a complete GSM 900 network in Venezuela. In 1998 Nokia introduced a number of new innovative products, including the Nokia High Speed Data solution and the GSM Intranet Office.

In Professional Mobile Radio (PMR) systems Nokia signed new supply agreements, including the agreements with Astrid in Belgium and Dolphin in the UK, strengthening its leading position in digital Terrestrial Trunked Radio (TETRA) systems.

Nokia continued to build on its position in the fixed network market in which operators continue to develop their broadband strategies as they face increasing demand to offer datacom services, driven by the growth of the Internet. During the year, Nokia further developed its data networking capabilities, targeting the fixed and mobile operators, as well as Internet Service Providers (ISPs). Following the acquisition of Ipsilon at the end of 1997 Nokia has grown its global IP application customer base to over 300, including 30 ISPs at the end of 1998.

In 1998 operators worldwide continued to expand their transmission networks. Sales of Nokia's SDH transmission system Synfonet increased bringing the number of Nokia's SDH customers to approximately 140 in 30 countries. In 1998, Nokia made another breakthrough in Latin America, supplying transport and access networks to eight of the largest cities in Brazil.

In 1998 Nokia Telecommunications complemented its global production and R&D development chain, announcing that it will build its second base station manufacturing plant in China and a new joint venture to manufacture fixed access network products also in China. In addition, Nokia Telecommunications expanded its production in various other factories, established new R&D centers in Japan and Hungary and increased investments to further develop third generation, GSM and IP technologies.

NOKIA MOBILE PHONES

Net sales of Nokia Mobile Phones for 1998 increased by 74% to FIM 47 984 million (FIM 27 643 million in 1997). Operating profit increased by 139% to FIM 9 158 million (FIM 3 837 million in 1997) and operating margin was 19.1% (13.9% in 1997).

In early December Nokia manufactured its 100 millionth phone. More than 60% of these 100 million phones have been sold during the past two years. In 1998 Nokia sold a total of 40.8 million mobile phones, of which more than 80% were digital. Nokia´s largest mobile phone market was the U.S., followed by China.

Nokia strengthened its mobile phone market position worldwide. With high consumer demand for the company´s comprehensive product portfolio, Nokia believes it became the world´s leading mobile phone manufacturer in 1998.

According to Nokia´s estimates, the global mobile phone subscriber base increased by over 100 million new users and totaled over 306 million at the end of 1998. In 1998 the market for mobile phones was approximately 163 million units sold worldwide, of which the upgrade market represented close to 40%.

The growing subscriber base and the expanding upgrade market have made mobile phones the world´s largest consumer electronics industry in terms of unit sales, leading into increasingly segmented market situation. To exploit this development, Nokia added several new digital models to its mobile phone product portfolio in 1998.

At the beginning of the year, Nokia started volume deliveries of the Nokia 6110, 6130 and 6190 models for GSM launched late 1997. In February Nokia started the deliveries of the Nokia 2170, a CDMA 1900 handset for the U.S. market. In the second quarter Nokia started deliveries of the dual mode (AMPS 800/TDMA 800) Nokia 6120 and the trimode (AMPS 800/TDMA 800/ TDMA 1900) Nokia 6160 versions in the Americas.

To address the mass consumer market, Nokia introduced the Nokia 5110 and 5130 models for GSM 900 and 1800 respectively, with Xpress-on™ color covers in March 1998. Volume deliveries of these products began in May. Nokia also introduced the second generation Nokia 9110 Communicator, a mobile phone with integrated data communications, and the Nokia 8810 premium lifestyle phone, both for GSM 900. Deliveries of the Nokia 8810 started in August and Nokia will start volume deliveries of the Nokia 9110 Communicator on February 1, 1999.

In April Nokia launched an inductive loopset for the Nokia 6100 and 5100 series phones allowing a person who is hard of hearing easier use of a mobile phone. In May Nokia began deliveries of a new mobile phone model for the Japanese PDC standard, incorporating a voice activation feature.

In August Nokia introduced the Nokia 5190, a GSM 1900 model, and in September the Nokia 5120 dual mode and the Nokia 5160 trimode models for the American market. In September Nokia started deliveries of the Nokia 6150 dual band (GSM 900/1800) model.

Nokia also introduced a number of new analog mobile phones, including the Nokia 650, the world´s smallest phone for NMT 450 standard, a new Nokia RinGo model for ETACS networks and the Nokia 282 to the American market.

To meet the anticipated strong demand for the Nokia mobile phones in the rapidly growing handset market, Nokia announced an investment of close to FIM 1 billion in a new mobile phone manufacturing and distribution center in Komarom, Hungary, which is expected to be fully operational in early 2000, and in production capacity expansions at its mobile phone plant in Salo, Finland. Nokia also decided on a production capacity expansion program of approximately FIM 1 billion during 1999 for its mobile phone factory in Bochum, Germany.

OTHER OPERATIONS

Net sales of Other Operations for the year 1998 decreased by 17% to FIM 6 029 million (FIM 7 239 million in 1997). Other Operations showed an operating loss of FIM 65 million (operating profit of FIM 564 million in 1997).

Nokia Multimedia Terminals´ sales remained at the same level as a year ago as a result of slow market growth in Germany. Nokia signed several new multimedia terminal delivery agreements during the year, and introduced its second generation products for satellite, cable and terrestrial networks. In April Nokia announced the outsourcing of its multimedia terminals manufacturing to the U.S.-based SCI Systems Inc.

Nokia Industrial Electronics´ sales decreased in 1998. Excluding the impact of divested businesses, sales were 10% lower than a year ago. Nokia introduced several new display products during the year and extended its flat panel product range to include 14.1", 15.1" and 18" monitors.

In 1998 Nokia sold LK-Products, a company manufacturing telecommunications components to the UK-based Filtronic plc., and its car electronics business in Motala, Sweden to the Sweden-based Autoliv AB.

In October Nokia announced that it will move all Finland-based display manufacturing to its factories in Hungary and Mexico.

CHANGES IN SHARE CAPITAL

Nokia´s share capital increased in 1998 by FIM 14 730 630 to a total of FIM 1 513 991 410, as a result of the issue of 5 892 252 new A shares upon exercise of warrants issued to key personnel in 1994, 1995 and 1997. The total number of shares outstanding at December 31, 1998 was 605 596 564. As the result of the new share issues, Nokia received a total of FIM 637 618 130 additional shareholders´ equity in 1998.

On December 31, 1998 Group companies owned 27 626 768 Nokia K shares and 4534 232 Nokia A shares. The shares have an aggregate nominal value of FIM 80 402 500, represent 5.3% of the total number of shares and 16.1% of the total voting rights.

OUTLOOK

Nokia´s strategic intent is to strive for leadership in the most attractive global communications segments through speed in anticipating and fulfilling evolving customer needs, quality in products and processes and openness with people and to new ideas and solutions. Based on its resources including technological know-how, market position and continuous building of competencies, Nokia is well positioned to achieve its future goals.

DIVIDEND

The Nokia Board of Directors will propose to the Annual General Meeting on March 17, 1999 that a dividend of FIM 5.75 per share (FIM 3.75 per share for 1997, split adjusted) be paid on K and A shares.

STATEMENT BY MR JORMA OLLILA, PRESIDENT AND CEO:

Nokia closed the year 1998 with another excellent quarter. Continued strong growth and excellent profits in the last quarter led to a record year during which we exceeded our overall growth and profitability targets. We strengthened our market position in many areas and have every reason to be pleased with the results and performance in our major businesses.

Strong profitability continued in our infrastructure business. The impact of price erosion in our mobile phones was well below historical levels and resulted in exceptional profitability in our handset business. In addition, continued successful working capital management contributed to our solid financial position and performance in 1998, resulting in net cash flow from operations of FIM 10.0 billion.

During the year we grew our personnel by 9 819 to 44 543 persons worldwide. I am proud of the dedication with which all Nokia employees met the challenges of continued strong growth and change. I am pleased to announce that for 1998, the company-wide Nokia Connecting People Bonus will be paid at the maximum 5% level of the annual base salary.

In 1998, 58% of our sales originated from Europe, 21% from the Americas and 21% from Asia Pacific. Our five biggest markets were the U.S., China, the UK, Germany and France.

We estimate that the number of mobile phone subscribers exceeded 306 million at the end of 1998, with the position of GSM being undisputed as the most widely used cellular standard. Some 45% of all cellular subscribers and 60% of all digital cellular subscribers use GSM. Strong subscriber growth and the increase in usage of wireless services have also created a favorable environment for infrastructure growth.

We are fast approaching the wireless information society in which a constantly increasing part of all personal communication - be it voice, data, images or video - will be wireless. New subscribers are purchasing mobile phones as a primary communication device. Technological and lifestyle-related features continue to develop, and existing users are upgrading to newer models more frequently than ever before. Operators need to invest in coverage and capacity, offer new services and combine customer needs in both wireless and fixed environments.

Nokia continued to be the preferred choice of many new operators, as well as of existing customers expanding their networks, leading to healthy infrastructure order-inflow growth of 30%. New solutions introduced during the year demonstrate the leading-edge position of our infrastructure systems. Based on our leadership in wireless communications, we are well positioned to benefit from the opportunities emerging in the converging digital industries.

The fast development of the industry is reflected in our mobile phone sales volumes. Towards the end of the year there were several weeks during which we sold more than one million phones per week. We estimate that the number of mobile phones sold during 1998 was approximately 163 million. Nokia´s total phone sales volume for the year was 40.8 million. In early December we manufactured our 100 millionth phone.

The rapid change of the mobile phone to a global consumer product from a niche device has required a new approach in producing and marketing mobile phones. A prerequisite for success is to understand segmentation. In a segmented consumer market with high volumes, critical success factors include comprehensive product portfolio, a strong and appealing brand as well as efficient global logistics. We will continue to focus in these areas with the aim of sustained brand leadership.

We started 1999 with a strong product portfolio and we will continue to introduce competitive new products during the year. Our recently announced increases in production capacity will enable us to meet the anticipated global growth in demand for mobile phones.

The evolution towards third generation mobile communications took major steps forward during the past year. In line with our strategy to be the industry leader, we were the first to introduce the High Speed Circuit Switched Data capability for GSM. Over the next two years we will introduce new services and features, paving the way towards full wideband wireless solutions expected to be implemented first in the year 2001. We remain committed to this demanding schedule and aim to be among the first suppliers of third generation equipment.

To meet our near-term challenges and to build the foundation for continued growth in our businesses, we will continue our investments in research and development. We have established the Nokia Ventures Organization to seek and develop areas with growth potential over the next five years. We will also continue our strategy of partnerships and focused acquisitions to complement our existing competencies.

A number of general economic factors reflected in recent currency movements make forecasting difficult. At the same time, strong growth is expected to continue in those telecommunications segments in which we have chosen to operate. Having said this, we reiterate our previously stated targets of 25-35% net sales growth and good profitability for 1999.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, IAS
(audited)

	10-12/98 MFIM	10-12/97 MFIM	**1-12/98 MFIM**	1-12/97 MFIM	1-12/98 MEUR
Net sales	**25 877**	15 857	**79 231**	52 612	13 326
Cost of goods sold	**-16 294**	-9 722	**-49 342**	-33 999	-8 299
Research and development expenses	**-2 156**	-1 529	**-6 838**	-4 560	-1 150
Selling, general and administrative expenses	**-2 370**	-1 776	**-8 252**	-5 599	-1 388
Operating profit	**5 057**	2 830	**14 799**	8 454	2 489
Share of results of associated companies	**4**	21	**38**	54	6
Financial income and expenses	**-90**	-16	**-234**	-137	-39
Profit before tax and minority interests	**4 971**	2 835	**14 603**	8 371	2 456
Tax	**-1 483**	-724	**-4 380**	-2 274	-737
Minority interests	**-14**	-93	**-231**	-99	-39
Profit from continuing operations	**3 474**	2 018	**9 992**	5 998	1 680
Discontinued operations	**-**	-	**-**	261	-
Profit from ordinary activities before cumulative effect of change in accounting policies	**3 474**	2 018	**9 992**	6 259	1 680
Cumulative prior year net effect of change in accounting policies	**-**	-	**416**	-	70
Net profit	**3 474**	2 018	**10 408**	6 259	1 750
Earnings per share:	**FIM**	FIM	**FIM**	FIM	EUR
Continuing operations					
Basic	**6.09**	3.56	**17.56**	10.59	2.95
Diluted	**5.90**	3.48	**17.03**	10.40	2.86
Net profit					
Basic	**6.09**	3.56	**18.29**	11.05	3.08
Diluted	**5.90**	3.48	**17.74**	10.86	2.98
Average number of shares (1 000 shares)					
Basic	**570 258**	566 637	**569 170**	566 564	
Diluted	**588 580**	579 461	**586 650**	576 583	
Depreciation	**824**	1 008	**3 028**	2 762	509

Currency rate December 31, 1998 1 FIM = 0.198 USD 1 EUR = 5.94573 FIM

NET SALES BY BUSINESS GROUP
(audited)

	10-12/98 MFIM	10-12/97 MFIM	**1-12/98 MFIM**	1-12/97 MFIM
Nokia Telecommunications	**8 338**	6 368	**26 103**	18 826
Nokia Mobile Phones	**16 074**	7 505	**47 984**	27 643
Other Operations	**1 581**	2 302	**6 029**	7 239
Inter-business Group eliminations	**-116**	-318	**-885**	-1 096
Nokia Group	**25 877**	15 857	**79 231**	52 612

Currency rate December 31, 1998 1 FIM = 0.198 USD 1 EUR = 5.94573 FIM

OPERATING PROFIT BY BUSINESS GROUP
(audited)

	1998 MFIM	**% of Net sales**	1997 MFIM	% of net sales
Nokia Telecommunications	**5 706**	**21.9**	4 053	21.5
Nokia Mobile Phones	**9 158**	**19.1**	3 837	13.9
Other Operations	**-65**	**-1.1**	564	7.8
Nokia Group	**14 799**	**18.7**	8 454	16.1

Currency rate December 31, 1998 1 FIM = 0.198 USD 1 EUR = 5.94573 FIM

PERSONNEL

	31.12.1998	31.12.1997
Nokia Telecommunications	**20 638**	17 168
Nokia Mobile Phones	**18 627**	13 371
Other operations	**5 278**	6 108
Nokia Group	**44 543**	36 647
Finland	**21 093**	19 779
Other Europe	**11 022**	8 249
Americas	**6 836**	4 676
Asia-Pacific	**5 562**	3 943
Other Countries	**30**	-

CONSOLIDATED BALANCE SHEET, IAS
(audited)

Financial year ended 31 December	1998 MFIM	1997 MFIM	1998 MEUR
ASSETS			
Fixed assets and other non-current assets			
Intangible assets	**2 880**	2 061	484
Property, plant and equipment	**7 912**	6 240	1 331
Investments in associated companies	**539**	335	90
Investments in other companies	**445**	454	75
Long-term loan receivables	**59**	160	10
Deferred tax assets	**1 163**	-	196
Other non-current assets	**202**	195	34
	13 200	9 445	2 220
Current assets			
Inventories	**7 684**	7 314	1 292
Receivables	**21 588**	12 732	3 631
Short-term investments	**12 874**	9 363	2 165
Bank and cash	**4 314**	2 884	726
	46 460	32 293	7 814
Total assets	**59 660**	41 738	10 034
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Shareholders´ equity			
Share capital	**1 514**	1 499	255
Share issue premium	**5 405**	4 776	909
Treasury shares	**-654**	-654	-110
Other reserves	**722**	766	121
Retained earnings	**23 392**	15 137	3 934
	30 379	21 524	5 109
Minority interests	**376**	195	63
Long-term liabilities			
Long-term interest bearing liabilities	**1 530**	1 348	257
Deferred tax liabilities	**522**	-	88
Other long-term liabilities	**377**	295	64
	2 429	1 643	409
Current liabilities			
Short-term borrowings	**4 157**	3 008	699
Current portion of long-term debt	**361**	285	61
Accounts payable and accrued liabilities	**21 496**	14 541	3 615
Advance payments	**462**	542	78
	26 476	18 376	4 453
Total shareholders´ equity and liabilities	**59 660**	41 738	10 034
Interest-bearing liabilities	**6 048**	4 641	1 017
Shareholders' equity per share	**52.98**	37.92	8.91
Number of shares at year-end (1000 shares) *	**573 436**	567 543	

* Shares owned by Group companies are excluded

Currency rate December 31, 1998 1 FIM = 0.198 USD 1 EUR = 5.94573 FIM

COMMITMENTS AND CONTINGENCIES

(audited)

	GROUP	
	31.12.1998	31.12.1997
	MFIM	MFIM
MORTGAGES BACKED LIABILITIES		
Loans from financial institutions	**-**	19
Mortgages	**-**	19
COLLATERAL FOR OWN COMMITMENTS		
Mortgages	**34**	34
Assets pledged	**53**	104
COLLATERAL GIVEN ON BEHALF OF GROUP COMPANIES		
Mortgages	**1**	1
Assets pledged	**-**	4
Collateral given on behalf of other companies		
Mortgages	**3**	3
Pension liabilities not booked as expenses or liabilities	**1**	2
Contingent liabilities on behalf of Group companies		
Other guarantees	**1 683**	1 198
Contingent liabilities on behalf of associated companies		
Guarantees for loans	**4**	6
Contingent liabilities on behalf of other companies		
Gurarantees for loans	**498**	341
Other guarantees	**2**	-
Leasing obligations	**2 753**	1 339

Currency rate December 31, 1998 1 FIM = 0.198 USD 1 EUR = 5.94573 FIM

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS 1)

	31.12.1998	31.12.1997
	MFIM	MFIM
Foreign exchange forward contracts [2) 3)]	**92 979**	57 228
Currency options bought	**4 405**	7 945
Currency options sold	**5 210**	8 299
Interest rate forward and futures contracts [2)]	**-**	5 695
Interest rate swaps	**400**	575
Interest rate options bought	**-**	187
Interest rate options sold	-	-

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) As at December 31, 1998 notional amount includes contracts amounting to 7.9 billion FIM used to hedge the shareholders' equity of foreign subsidiaries and as at December 31, 1997 respectively 5.2 billion FIM.

Currency rate December 31, 1998 1 FIM = 0.198 USD 1 EUR = 5.94573 FIM

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) expectations regarding market growth and developments; 3) expectations for growth and profitability; and 4) 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) general economic conditions, such as the rate of economic growth in the Company's principal geographic markets or fluctuations in exchange rates; 2) 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; 3) 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; 4) the uncertainties, costs and risks associated with Year 2000 issues; as well as 5) the risk factors specified in the Company's Form 20-F for the year ended December 31, 1997.

Currency rate December 31, 1998 1 FIM = 0.198 USD 1 EUR = 5.94573 FIM

Helsinki, January 29, 1999

NOKIA

Board of Directors

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Nokia will publish its 1999 1Q results on April 22, 2Q results on July 22 and
3Q results on October 21, 1999.