NOKIA CORP
Form 6-K
April 20, 2006

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 6-K

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a -16 or 15d -16 of the Securities Exchange Act of 1934**

**Report on Form 6-K dated April 20, 2006**

# Nokia Corporation

**Nokia House**

**Keilalahdentie 4**

**02150 Espoo**

**Finland**

(Name and address of registrant s principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F ý Form 40-F o

Enclosures:

**1.** Nokia Press Release dated April 20, 2006 and titled: Nokia reports Q1 2006 net sales of EUR 9.5 billion and EPS of EUR 0.25

***PRESS RELEASE***

April 20, 2006

**Nokia reports Q1 2006 net sales of EUR 9.5 billion and EPS of EUR 0.25**

**Nokia s 40% year on year device volume growth drives 29% net sales growth, 32% EPS growth and strong market share gains**

**NOKIA IN THE FIRST QUARTER 2006**

| **EUR million** | **Q1/2006*** | **Q1/2005**** | **Change (%)** |
|---|---|---|---|
| Net sales | 9 507 | 7 396 | 29 |
| Mobile Phones | 5 869 | 4 527 | 30 |
| Multimedia | 1 758 | 1 133 | 55 |
| Enterprise Solutions | 186 | 307 | -39 |
| Networks | 1 699 | 1 431 | 19 |
| Operating profit | 1 367 | 1 118 | 22 |
| Mobile Phones | 1 085 | 869 | 25 |
| Multimedia | 323 | 155 | 108 |
| Enterprise Solutions | -66 | -9 | |
| Networks | 149 | 221 | -33 |
| Common Group Expenses | -124 | -118 | |
| Operating margin (%) | 14.4 | 15.1 | |
| Mobile Phones (%) | 18.5 | 19.2 | |
| Multimedia (%) | 18.4 | 13.7 | |
| Enterprise Solutions (%) | -35.5 | -2.9 | |
| Networks (%) | 8.8 | 15.4 | |
| Net profit | 1 048 | 863 | 21 |
| EPS, EUR | | | |
| Basic | 0.25 | 0.19 | 32 |
| Diluted | 0.25 | 0.19 | 32 |

***Q1 2006 special items:***

*EUR 14 million initial restructuring charge for the CDMA business in Mobile Phones.*

*EUR 8 million restructuring charge in Enterprise Solutions.*

*Both of these charges impacted operating profit. The net impact of these special items on Q1 2006 EPS diluted was negligible.*

*****Q1 2005 special items:***

*Financial income included a positive EUR 40 million item representing a gain on the sale of a portion of the France Telecom bond.*

*EUR 15 million restructuring charge in Multimedia (impacted operating profit).*

*The net impact of these special items on Q1 2005 EPS diluted was negligible.*

**FIRST QUARTER 2006 HIGHLIGHTS**

Industry quarterly device volumes of 215 million units, down 12% sequentially and up 27% year on year, based on our preliminary market estimate.

Nokia quarterly device volumes of 75.1 million units, down 10% sequentially and up 40% year on year.

Nokia first quarter device market share of 35%, up 1 percentage point sequentially and up 3 percentage points year on year, based on our preliminary market estimate.

Nokia s net sales in the United States almost doubled year on year.

Device ASPs of EUR 103, up sequentially from EUR 99 in the fourth quarter 2005.

1

**JORMA OLLILA, CHAIRMAN AND CEO:**

Nokia had an excellent quarter, with very strong year on year volume, net sales and EPS growth. A robust market coupled with our strong product portfolio and excellent execution produced outstanding results in a seasonally challenging first quarter. And our device market share of 35% in the first quarter an increase of three percentage points year on year further reinforces our number one position globally.

Nokia continues to benefit from a diversifying product offering in terms of form and function, led by a greater variety of devices in our mid-range offering. I am also delighted that our strategy to target new mobile communications market segments is working well, as evidenced by the success of the Nokia N70 multimedia device: the highest revenue generator for Nokia this quarter and the world s number one selling WCDMA device.

**OLLI-PEKKA KALLASVUO, PRESIDENT AND COO:**

The global device market is set for another year of good growth, with the market volume expected to increase 15% or more. This year we anticipate approximately 70% of industry volume growth to come from the emerging markets. We intend to maintain our leadership in these fastest growing markets, where being competitive in the lower priced entry level products is critical to Nokia s future success. Our infrastructure business is also extremely important to our overall growth strategy, and we re very pleased with the sales developments we see from this business group.

**INDUSTRY AND NOKIA OUTLOOK FOR THE SECOND QUARTER AND FULL YEAR 2006**

Nokia expects industry mobile device volumes in the second quarter 2006 to be up sequentially.

We expect Nokia s device market share in the second quarter 2006 to be approximately at the same level sequentially.

Sales in our networks business are expected to develop according to normal seasonality in the second quarter 2006.

Nokia continues to expect the mobile device market volume to grow 15% or more in 2006, from our estimate of approximately 795 million units in 2005.

We continue to expect the device industry to experience value growth in 2006, but expect some decline in industry ASPs, primarily reflecting the increasing impact of the emerging markets and competitive factors in general.

Nokia continues to expect moderate growth in the mobile infrastructure market in euro terms in 2006.

Nokia continues to target an increase in its 2006 market share in mobile devices and infrastructure.

**Q1 2006 FINANCIAL HIGHLIGHTS**

(Comparisons are given to the first quarter 2005 results, unless otherwise indicated.)

**Nokia Group**

Nokia s first quarter 2006 net sales increased 29% to EUR 9.5 billion, compared with EUR 7.4 billion in the first quarter 2005. At constant currency, group net sales would have increased 23%.

Nokia s first quarter 2006 operating profit grew 22% to EUR 1.4 billion (including the negative impact of special items of EUR 22 million), compared with EUR 1.1 billion in the first quarter 2005 (including the negative impact of special items of EUR 15 million). Nokia s first quarter 2006 operating margin was 14.4% (15.1%).

Operating cash flow for the first quarter 2006 was EUR 1.0 billion, compared with EUR 1.3 billion for the first quarter 2005, and total combined cash and other liquid assets were EUR 9.0 billion, compared with EUR 9.9 billion at December 31, 2005. As of March 31, 2006, our net debt-equity ratio (gearing) was -82%, compared with -77% at December 31, 2005.

**Mobile devices**

In the first quarter 2006, the total mobile device volume achieved by our Mobile Phones, Multimedia and Enterprise Solutions business groups was 75.1 million units, representing 40% year-on-year growth and a 10% sequential decline. Overall industry volume for the same period was 215 million units, representing 27% year-on-year growth and a 12% sequential decline, based on our preliminary market estimate.

The following chart sets out Nokia s mobile device volumes for the periods indicated as well as the year-on-year and sequential growth rates by geographic area.

**NOKIA MOBILE DEVICE VOLUME BY GEOGRAPHIC AREA**

| (million units) | Q1 2006 | Q1 2005 | YoY Change (%) | Q4 2005 | QoQ Change (%) |
|---|---|---|---|---|---|
| Europe | 20.4 | 17.4 | 17 | 29.9 | -32 |
| Middle East & Africa | 11.9 | 10.0 | 19 | 10.3 | 16 |
| China | 10.9 | 7.1 | 54 | 9.5 | 15 |
| Asia-Pacific | 16.4 | 10.6 | 55 | 14.8 | 11 |
| North America | 8.4 | 4.3 | 95 | 9.8 | -14 |
| Latin America | 7.1 | 4.4 | 61 | 9.4 | -24 |
| **Total** | **75.1** | **53.8** | **40** | **83.7** | **-10** |

Based on our preliminary market estimate, Nokia s market share for the first quarter 2006 grew to 35%, compared with 32% in the first quarter 2005. Sequential market share was also up compared with 34% in the fourth quarter 2005. Nokia s year-on-year market share increase was driven primarily by strong gains in China, North America, Latin America and Asia-Pacific, which more than offset market share declines in Middle East & Africa and in Europe. Sequential market share gains were driven by gains in Latin America, Middle East & Africa and China, partially offset by a market share decline in Europe.

*Nokia s average selling price in the first quarter 2006 was EUR 103, down from EUR 110 in the first quarter 2005, but increased from EUR 99 in the fourth quarter 2005. Nokia s first quarter 2006 average selling price reflected a lower than expected proportion of lower priced entry-level products, together with an increased proportion of higher-end products in Nokia s device sales compared with the fourth quarter 2005. The Nokia N70 multimedia computer was the highest revenue generating device in the first quarter 2006.*

***Mobile Phones***: First quarter 2006 net sales grew 30% to EUR 5.9 billion, compared with EUR 4.5 billion in the first quarter 2005, driven by strong industry volumes and our competitive product portfolio. Net sales increased in all regions year on year. Growth was strongest in North America, where our net sales more than doubled.

*Mobile Phones operating profit grew 25% to EUR 1 085 million, compared with EUR 869 million in the first quarter 2005, with an operating margin of 18.5% (19.2%). Operating profit growth in the first quarter 2006 was supported by strong net sales. First quarter 2006 operating profit included a EUR 14 million initial restructuring charge related to the planned formation of a new global company comprising the respective CDMA mobile device businesses of Nokia and SANYO Electric Co. Ltd.*

**Multimedia**: First quarter 2006 net sales increased 55% to EUR 1.8 billion, compared with EUR 1.1 billion in the first quarter 2005. Net sales increased year on year in all regions except North America. Growth was strongest in China, where our net sales more than doubled, followed by Asia-Pacific, Europe, and Middle East & Africa, particularly driven by sales of the recently launched Nokia N70 multimedia computer. Net sales in North America and Latin America continued to be at a low level.

*Multimedia first quarter operating profit grew 108% to EUR 323 million, compared with EUR 155 million in the first quarter 2005, with an operating margin of 18.4% (13.7%). First quarter 2005 operating profit included a EUR 15 million restructuring charge. Profitability in the first quarter 2006 was driven by strong sales in high-end multimedia computers and effective cost management.*

**Enterprise Solutions:** First quarter 2006 net sales decreased 39% to EUR 186 million, compared with EUR 307 million in the first quarter 2005. Net sales were down in all regions except China and North America, and were adversely affected by the relative age of the device portfolio.

In the first quarter 2006, Enterprise Solutions had an operating loss of EUR 66 million, compared with an operating loss of EUR 9 million in the first quarter 2005. This was a result of lower net sales and a EUR 8 million restructuring charge primarily related to headcount reductions.

3

**Networks**

First quarter 2006 net sales increased 19% to EUR 1.7 billion, compared with EUR 1.4 billion in the first quarter 2005. Net sales increased in North America, followed by Middle East & Africa, Asia-Pacific, Latin America and China, while net sales decreased in Europe. Sales growth was clearly spurred by ongoing subscriber growth in emerging markets.

Networks first quarter operating profit decreased 33% to EUR 149 million, compared with EUR 221 million in the first quarter 2005, with an operating margin of 8.8% (15.4%). Lower profitability was driven primarily by regional mix and strong price competition.

**Q1 2006 OPERATING HIGHLIGHTS**

**Mobile Phones**

Nokia and SANYO announced plans to form a new global company comprising the respective CDMA mobile device businesses of Nokia and SANYO Electric Co. Ltd.

Mid-range device portfolio doing well: Nokia 6230i, 6101/6102 (clamshell), 6280 (slide) and 6111 (slide).

Excellent start for new Fashion line with the L Amour Collection: Nokia 7360, 7370 and 7380.

Nokia 1100 family of phones has sold more than 100 million units to date.

Over 1 million Nokia 8800 phones sold to date.

**Multimedia**

We estimate the Nokia N70 was the largest selling WCDMA device in the world.

**Nokia won three top awards from UK magazine Mobile News, including manufacturer of the year and most innovative product of the year for Nokia Nseries products.**

Nokia s first 3G smart phone now shipping to NTT DoCoMo, Inc. in Japan.

Nokia, Intel, Modeo, Motorola and Texas Instruments announced a Mobile DTV Alliance.

**Enterprise Solutions**

Completed the acquisition of Intellisync and announced a commitment to maintain support for synchronization and mobile connectivity to applications on non-Nokia devices and multiple device platforms.

Nokia began shipping the Nokia IP560, a new enterprise-class firewall that provides medium and large businesses with high-end performance and features at a mid-range price point.

Nokia announced that Vodafone K.K. in Japan is using its Intellisync Sync Server to launch Vodafone Address Book, a service for new 3G handsets that allows customers to back up their contact information online.

Cingular began selling the Nokia 9300 enterprise smart phone in the United States.

**Networks**

Nokia won a major managed services contract with Hutchison Essar, and also secured a USD 190 million managed services and network equipment agreement with du in the United Arab Emirates. These wins reinforced Nokia s leadership credentials in the fast-growing managed services segment. Nokia now has 39 managed service references in 30 countries.

Nokia s 3G customers Wataniya in Kuwait and T-Mobile in Germany opened their commercial HSDPA networks.

Vodafone selected Nokia as a preferred IP Multimedia Subsystem (IMS) supplier.

In new growth markets, Nokia won a USD 170 million GSM expansion deal with Henan MCC in China, an MSC Server System contract with Telefónica Móviles in Ecuador, and a GSM/EDGE network deal with Astelit in Ukraine.

Nokia announced contracts with four new customers: Cable and Wireless, du , Telefónica Móviles Ecuador, and Finland s Aina Group.

At 3GSM in Barcelona, a number of new frequency variants were announced for Nokia s small, innovative and modular Flexi WCDMA Base Station.

For more information on the operating highlights mentioned above, please refer to related press announcements, which can be accessed at the following link: *http://www.nokia.com/press*

**NOKIA IN THE FIRST QUARTER 2006**

(International Financial Reporting Standards (IFRS) comparisons given to the first quarter 2005 results, unless otherwise indicated.)

Nokia s net sales increased 29% to EUR 9 507 million (EUR 7 396 million). Sales of Mobile Phones increased 30% to EUR 5 869 million (EUR 4 527 million). Sales of Multimedia increased 55% to EUR 1 758 million (EUR 1 133 million). Sales of Enterprise Solutions decreased 39% and totaled EUR 186 million (EUR 307 million). Sales of Networks increased 19% to EUR 1 699 million (EUR 1 431 million).

Operating profit increased to EUR 1 367 million (EUR 1 118 million), representing an operating margin of 14.4% (15.1%). Operating profit in Mobile Phones increased 25% to EUR 1 085 million (EUR 869 million), representing an operating margin of 18.5% (19.2%). Multimedia reported an operating profit of EUR 323 million (EUR 155 million), representing an operating margin of 18.4% (13.7%). Enterprise Solutions reported an operating loss of EUR 66 million (operating loss of EUR 9 million). Operating profit in Networks decreased 33% to EUR 149 million (EUR 221 million), representing an operating margin of 8.8% (15.4%). Common Group expenses totaled EUR 124 million (EUR 118 million).

Financial income was EUR 74 million (EUR 78 million). Profit before tax and minority interests was EUR 1 445 million (EUR 1 192 million). Net profit totaled EUR 1 048 million (EUR 863 million). Earnings per share increased to EUR 0.25 (basic) and to EUR 0.25 (diluted), compared with EUR 0.19 (basic) and EUR 0.19 (diluted) in the first quarter 2005.

**PERSONNEL**

The average number of employees during January - March 2006 was 61 075. At March 31, 2006, Nokia employed a total of 62 763 people (58 874 people at December 31, 2005).

**CAPITAL STRUCTURE DEVELOPMENT**

Nokia repurchased through its share repurchase plan a total of 84 880 000 Nokia shares on the Helsinki Stock Exchange at an aggregate price of approximately EUR 1 380 million during the period from February 15, 2006 to March 24, 2006. The price paid was based on the market price at the time of repurchase. The shares were repurchased to be used for the purposes specified in the authorization held by the Board. The aggregate par value of the shares purchased was EUR 5 092 800, representing approximately 1.9% of the share capital of the company and of the total voting rights. These new holdings did not have any significant effect on the relative holdings of the other shareholders of the company nor on their voting power.

On March 31, 2006, Nokia and its subsidiary companies owned 346 333 523 Nokia shares. The shares had an aggregate par value of EUR 20 780 011.38, representing approximately 7.8 % of the share capital of the company and of the total voting rights. The total number of shares on March 31, 2006 was 4 434 314 442 and the share capital was EUR 266 058 866.52. The Annual General Meeting on March 30, 2006 resolved to cancel shares repurchased during the past four quarters, a total of 341 890 000 shares. The cancellation was effected on April 6, 2006, reducing the total number of shares correspondingly.

**Q1 2006 BY BUSINESS GROUP, EUR million** (unaudited)

| | Mobile Phones | Multimedia | Enterprise Solutions | Networks | Common Group Functions | Eliminations | Group |
|---|---|---|---|---|---|---|---|
| Net sales | 5 869 | 1 758 | 186 | 1 699 | | -5 | 9 507 |
| Gross profit | 1 809 | 703 | 86 | 620 | 6 | | 3 224 |
| ***Gross margin,%*** | ***30.8*** | ***40.0*** | ***46.2*** | ***36.5*** | | | ***33.9*** |
| Research and development expenses | -304 | -215 | -76 | -285 | -66 | | -946 |
| *% of net sales* | *5.2* | *12.2* | *40.9* | *16.8* | | | *10.0* |
| Selling and marketing expenses | -362 | -147 | -53 | -121 | -5 | | -688 |
| *% of net sales* | *6.2* | *8.4* | *28.5* | *7.1* | | | *7.2* |
| Administrative and general expenses | -19 | -10 | -18 | -57 | -61 | | -165 |
| *% of net sales* | *0.3* | *0.6* | *9.7* | *3.4* | | | *1.7* |
| Other operating income and expenses | -39 | -8 | -5 | -8 | 2 | | -58 |
| | | | | | | | |
| Operating profit | 1 085 | 323 | -66 | 149 | -124 | | 1 367 |
| ***Operating margin,%*** | ***18.5*** | ***18.4*** | ***-35.5*** | ***8.8*** | | | ***14.4*** |

**Q1 2005 BY BUSINESS GROUP, EUR million** (unaudited)

| | Mobile Phones | Multimedia | Enterprise Solutions | Networks | Common Group Functions | Eliminations | Group |
|---|---|---|---|---|---|---|---|
| Net sales | 4 527 | 1 133 | 307 | 1 431 | | -2 | 7 396 |
| Gross profit | 1 484 | 494 | 140 | 612 | 9 | | 2 739 |
| ***Gross margin,%*** | ***32.8*** | ***43.6*** | ***45.6*** | ***42.8*** | | | ***37.0*** |
| Research and development expenses | -289 | -214 | -81 | -279 | -56 | | -919 |
| *% of net sales* | *6.4* | *18.9* | *26.4* | *19.5* | | | *12.4* |
| Selling and marketing expenses | -296 | -110 | -50 | -98 | -3 | | -557 |
| *% of net sales* | *6.5* | *9.7* | *16.3* | *6.8* | | | *7.5* |
| Administrative and general expenses | -15 | -8 | -17 | -51 | -72 | | -163 |
| *% of net sales* | *0.3* | *0.7* | *5.5* | *3.6* | | | *2.2* |
| Other operating income and expenses | -15 | -7 | -1 | 37 | 4 | | 18 |
| | | | | | | | |
| Operating profit | 869 | 155 | -9 | 221 | -118 | | 1 118 |
| ***Operating margin,%*** | ***19.2*** | ***13.7*** | ***-2.9*** | ***15.4*** | | | ***15.1*** |

**NOKIA NET SALES BY GEOGRAPHIC AREA, EUR million** (unaudited)

| | 1-3/2006 | Y-o-Y change, % | 1-3/2005 | 1-12/2005 |
|---|---|---|---|---|
| Europe | **3 393** | **8** | 3 154 | 14 297 |
| Middle East & Africa | **1 290** | **16** | 1 115 | 4 554 |
| China | **1 261** | **45** | 872 | 3 846 |
| Asia-Pacific | **1 902** | **48** | 1 287 | 6 007 |
| North America | **934** | **88** | 498 | 2 841 |
| Latin America | **727** | **55** | 470 | 2 646 |
| | | | | |
| Total | **9 507** | **29** | 7 396 | 34 191 |

**NOKIA PERSONNEL BY GEOGRAPHIC AREA**

| | 31.03.06 | Y-o-Y change, % | 31.03.05 | Q-o-Q change, % | 31.12.2005 |
|---|---|---|---|---|---|
| Europe | **37 546** | **5** | 35 862 | 1 | 37 053 |
| Middle East & Africa | **461** | **116** | 213 | 30 | 355 |
| China | **6 395** | **26** | 5 076 | 5 | 6 119 |
| Asia-Pacific | **6 392** | **96** | 3 254 | 41 | 4 518 |
| North America | **6 432** | **-10** | 7 173 | 1 | 6 369 |
| Latin America | **5 537** | **45** | 3 815 | 24 | 4 460 |
| | | | | | |
| Total | **62 763** | **13** | 55 393 | 7 | 58 874 |

**CONSOLIDATED PROFIT AND LOSS ACCOUNT, IFRS, EUR million** (unaudited)

| | **1-3/2006** | **1-3/2005** | **1-12/2005** |
|---|---|---|---|
| **Net sales** | **9 507** | 7 396 | 34 191 |
| Cost of sales | **-6 283** | -4 657 | -22 209 |
| | | | |
| **Gross profit** | **3 224** | 2 739 | 11 982 |
| Research and development expenses | **-946** | -919 | -3 825 |
| Selling and marketing expenses | **-688** | -557 | -2 961 |
| Administrative and general expenses | **-165** | -163 | -609 |
| Other income | **52** | 53 | 285 |
| Other expenses | **-110** | -35 | -233 |
| | | | |
| **Operating profit** | **1 367** | 1 118 | 4 639 |
| Share of results of associated companies | **4** | -4 | 10 |
| Financial income and expenses | **74** | 78 | 322 |
| | | | |
| **Profit before tax** | **1 445** | 1 192 | 4 971 |
| Tax | **-381** | -320 | -1 281 |
| | | | |
| **Profit before minority interests** | **1 064** | 872 | 3 690 |
| Minority interests | **-16** | -9 | -74 |
| | | | |
| **Profit attributable to equity holders of the parent** | **1 048** | 863 | 3 616 |
| | | | |
| **Earnings per share, EUR** | | | |
| (for profit attributable to the equity holders of the parent) | | | |
| Basic | **0.25** | 0.19 | 0.83 |
| Diluted | **0.25** | 0.19 | 0.83 |
| | | | |
| **Average number of shares (1 000 shares)** | | | |
| Basic | **4 150 295** | 4 459 302 | 4 365 547 |
| Diluted | **4 162 182** | 4 467 035 | 4 371 239 |
| | | | |
| Depreciation and amortization, total | **189** | 180 | 712 |
| | | | |
| Share-based compensation expense, total | **29** | 11 | 104 |

**CONSOLIDATED BALANCE SHEET, IFRS, EUR million** (unaudited)

| | 31.03.2006 | 31.03.2005 | 31.12.2005 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Capitalized development costs | **259** | 259 | 260 |
| Goodwill | **411** | 90 | 90 |
| Other intangible assets | **267** | 210 | 211 |
| Property, plant and equipment | **1 602** | 1 546 | 1 585 |
| Investments in associated companies | **194** | 187 | 193 |
| Available-for-sale investments | **272** | | |