2010 Nokia Annual General Meeting

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Good afternoon, Nokia shareholders, ladies and gentlemen. Welcome to the 2010 Nokia Annual General Meeting. I’m glad to see there are more shareholders present today than in several years.

Today, I will briefly cover our strategy and review the actions we have taken in 2009 to achieve our long-term targets.

These actions are aimed at strengthening Nokia’s competitiveness, as well as providing greater value to our customers, and to you, Nokia’s shareholders.

But before that I’d like to say a few words about Nokia in Finland, because the majority of us here are Finns, and Finnish ownership of Nokia has clearly grown over the last year.

As a global company, international reach is important to us. But it is equally important that our company has roots. At the moment, the total number of Nokia employees in Finland, including Nokia Siemens Networks, is more than 23,000 people.

Our strategy has evolved over the years, and we have developed our operations accordingly, both internationally and in Finland.

For example, we recently reorganized the Salo factory, revising the factory’s operational model so we could better respond to the changing needs of our customers. The changes have strengthened the position and the future competitiveness of the Salo site.

We have also revised and refocused our research and development activities in Finland – changes that have not been easy for those people directly affected. We have tried to ease the impact on the affected employees with, for example, voluntary severance packages and the option of transfers to other units. But in order to be successful in our business, to operate profitably and be able to offer work in the future, personnel reductions have been unavoidable.

Our industry continues to change rapidly. In fact, the telecommunications industry as we once knew it no longer exists. Nokia is now part of a much larger industry with many different competitors. While our business is still based in telecoms, it has been dramatically transformed by the Internet, as well as the information technology, software and communications industries.
Fulfilling Nokia’s Vision

Three years ago, we put in place a renewed vision and direction. By then, we had already begun capturing value from other industries, by adding navigation capability, cameras and music players to our devices.

But we knew hardware upgrades and additional features would not be enough. We decided to differentiate our devices by investing strongly in software and services.

By combining services with devices, Nokia is in a stronger position to grow and create more value for our shareholders. We have built a solid foundation and achieved the first milestones.

Of course, this transformation was not initiated without risk, but I know that to have not changed course would have posed a far greater risk.

We have now reached a stage where we are beginning to deliver on what we set out to do. 2010 is especially important for us, for executing on our strategy will be our main focus this year. It is, however, clear that we can and must improve our performance. I’ll have more on that in a moment.

First, I will review Nokia in 2009 and the current year, starting with Nokia Siemens Networks.

2009 in Review

NSN ended a difficult year with an encouraging upturn. The infrastructure business has growth potential in certain segments, including managed and optimization services, as well as 3G and LTE technologies.

In January, NSN renewed its operations by consolidating five business units into three, as part of its transformation to a profitable, service- and solution-oriented company.

The infrastructure market remains tough and we do not expect the overall market to grow this year. However, NSN continues to capture local and technology-specific pockets of growth, while prudently managing its cost base.

As we said at Capital Markets Day in December, Nokia Siemens Networks plans to improve its financial performance and reduce expenses and production overheads by 500 million euros by the end of 2011.

While these are painful moves, they are necessary. We believe that NSN has the right strategy. It has the right assets to be a long-term industry leader. It is encouraging that in the first quarter, seasonally the weakest in net sales in the infrastructure business, NSN delivered a modest non-IFRS profit.
I will next cover the mobile devices market, which was challenging last year. We sold 432 million devices worldwide, more than our top three competitors combined. In fact, 2009 marked our 12th consecutive year as the world’s largest manufacturer of mobile devices.

More than 1.2 billion people use a Nokia mobile device each and every day. That means we have the largest customer base for any consumer durable in the world.

But we recognize it’s not our birthright to be Number One. We have to earn it from one customer at a time, day in and day out.

Our competition today is more diverse, tougher, and more innovative than ever before. That means we have to improve our game and anticipate changes – every day.

2009 was a difficult year, due to a weak global economy. The recession coincided with our transformation, as well as changes in our device portfolio. With all these factors together, it resulted in a decrease in operating profit and earnings per share, compared with 2008.

The global economy improved a little towards the end of the year, with a positive impact on our performance at the end of 2009.

Despite these challenging conditions, we have continued to maintain strict controls on costs. As a result, Nokia maintains a solid financial position.

As our chairman noted in his speech, change is not easy. I would have liked us to have changed faster, just as you, our shareholders, have hoped for us to move at a faster pace.

Over the last few years, we have been building a new Nokia, piece by piece, based on our strategy. We have changed our structure and divested parts of our non-core businesses. We have acquired new companies through which we will gain new competencies, we have made several new partnership agreements and invested in new competencies.

At times we have underestimated the how long it takes for change to take effect. But I can assure you we are working hard. Our dedicated employees deserve praise for their achievements in 2009.

**Challenges Ahead**

When we set out to create our strategy, we had an open and lively discussion inside the company, on the direction we should take. We had many different opinions back then.
However, during last year I received a lot of positive feedback on the necessity of change and was pleased with how committed our employees were to moving the strategy in the right direction.

I have noticed that the trust and belief in our future have become stronger among our employees, who have been tested in a time of recession. Our employees are excited about our new devices and services in the pipeline.

There are new entrants in our business. Especially in the higher end of the market, there has been a lot of activity as computer and software companies, including Apple and Google, introduce new devices.

In the lower end of the market, we face increased competition from companies selling unlicensed, counterfeit and so-called “white label” devices. To reflect this reality, we recently announced that effective this year, Nokia has revised its definition of the industry mobile device market used to estimate industry volumes.

Nokia’s market share was an estimated 38 percent in 2009. Using the revised definition, our mobile device volume share would have been 34 percent last year.

As I mentioned, at the end of last year, we began to see signs of returning consumer confidence. We said in the recent first-quarter results announcement that we expect this year’s industry volumes for mobile devices will increase about 10 percent over 2009.

A New Generation of Devices

This year we will introduce a new generation of devices that we expect to make significant strides towards closing the gap with our competition in high-end smartphones.

We expect the new devices to be faster, more intuitive and fun to use, starting with the recently launched Nokia N8, which is scheduled to start shipping in the third quarter.

The globe is our market. That means we have to offer a broad array of devices and services at many different prices around the world. To grow market share, we need to build on the assets we already have and be more agile and innovative.

We have structured our device line-up within three categories: mobile phones, smartphones and mobile computers, each powered by distinct software platforms.

Our mobile phones utilize Series 40, our smartphones use the Symbian platform, and our future mobile computers are being built on the new, high-performance MeeGo platform.
In mobile phones, the value for consumers and the scale of our operations are key. Nokia’s competitive advantage here is that we can offer high-quality devices, unmatched reliability and after-sales care, something the white-label manufacturers can’t deliver.

Many people in emerging markets are increasingly using their phones to gain access to information, entertainment and social networks. This often means a huge improvement in their quality of life and standard of living.

They are increasingly demanding features such as touchscreens, Internet access and QWERTY keyboards at both the mid-tier and the low end of the market. Our aim is to make access to these devices more affordable.

The recently launched Nokia C3 is the first device to bring a full QWERTY keyboard to the world’s most popular mobile phone platform: Series 40. And it is the first in the range to enable access to social networks directly from the home screen.

In the smartphone segment we continue to enter new areas as we “democratize the smartphone” with feature-rich devices in more affordable price ranges. Our approach has been to concentrate on fewer, competitive products that bring the features of Symbian-based smartphones to more and more people around the world. And we are well on our way to doing that.

For example, in May we expect to ship nearly 4 million touchscreen smartphones around the world.

Although the current version of Symbian has its deficiencies and challenges, it also has advantages. With Symbian, we are reaching 130 countries and about 250 operator networks with tailor-made versions of devices, giving us the ability to offer products at a wide range of prices. In addition, Symbian has substantial scale advantages. This is significant as we drive smartphones and services into the mass market.

**Regaining High-End Leadership**

In hindsight, it is obvious Symbian’s user experience has not kept pace with some other operating systems. But we are changing that. Many improvements are coming to market, starting with the new version of Symbian that is at the heart of the Nokia N8.

Content and software are the differentiators in our industry, especially in smartphones and the high-performance mobile computers.

Our mobile computer, the Nokia N900, which we launched last year, has been described as programmer-friendly, with one of the best browser experiences in the industry.
We are working hard to reclaim mindshare leadership in high-end smartphones and mobile computers. It is critical that we improve the customer experience with the usability of both our devices and our services.

As this new industry takes shape, an ability to partner with other companies is a prerequisite for success. We are working hard with our operator customers, suppliers, retailers, developers and even some of our competitors. We are working to develop an ecosystem that benefits us all.

An example is the partnership with Intel announced in February to create the MeeGo software platform. We plan to use this platform in our next mobile computer, which is scheduled to be launched by the end of the year.

MeeGo will extend the range of device segments to include mobile computers, netbooks, tablets, connected TVs and in-car systems. We are not restricted with this platform to any one particular form-factor or design.

**Progress in Services**

As I said earlier, increasingly our services business is driving device sales. Today, we have about 83 million registered active users, and services often are included when you buy a Nokia mobile device.

In fact, this is shaping up to be a notable year of growth for Nokia’s services.

Let’s start with navigation: NAVTEQ’s digital maps and navigation technology give us the most extensive geographic coverage of any company in the world, including Google.

NAVTEQ continues to strengthen its leadership in the digital navigation industry – experiencing robust growth, supported by a diverse customer base. NAVTEQ’s customers include automakers and dealers, delivery companies, software developers, government institutions – as well as Nokia and other mobile device manufacturers.

In January, we announced Nokia would provide pedestrian and car navigation at no extra cost on a number of our smartphones. And not just for one or two countries, but for more than 70 countries, and in more than 45 languages.

This service has been downloaded more than 10 million times since its launch in January.

We’ve made notable progress in music, as well. We recently launched our Comes with Music service in China and India, two of the world’s largest and fastest-growing markets. Comes with Music makes millions of songs available for download no extra cost for up to a year.
Our approach has been to develop a new business model that benefits the entire music ecosystem: the labels, publishers, artists and Nokia.

Nokia Messaging is growing rapidly as well, supported by more than 70 operators around the world, and has helped to sell more and more devices.

Then there’s Ovi Mail, which is targeting the billions of potential first-time e-mail users around the world. Ovi Mail has registered 8 million subscriptions, a rate of about 1 million subscribers a month.

Nokia Life Tools provides people in India and Indonesia with agricultural information, educational services and entertainment. In less than a year, it has attracted more than 1.5 million paying subscribers.

And I’m happy to announce today that we will soon extend Life Tools to China.

**Ovi Store Growth**

The rapidly growing demand for applications, games and other mobile content is not just a Western phenomenon. It’s a global trend that plays to one of Nokia’s strengths, which is our global presence.

Our Ovi Store, which opened a year ago this month, is now averaging about 1.7 million downloads a day. That’s significant progress. It highlights the potential Nokia offers developers in reaching potential customers on a global scale.

As we are meeting here in Finland, I would like to use a good local example: Offscreen Technologies makes a variety of mobile applications which people from virtually every country in the world have downloaded with Nokia mobile devices more than 25 million times.

Payment and localization of services are also important for consumers. In many countries, Ovi Store customers can now pay for applications and services simply by adding the cost to their phone bill. We also have localized versions of the store in 19 countries, supporting 30 different languages.

Just as we told people several years ago that many of our phones would now come with a camera, today we are saying they “Comes with Music.” Consumers are demanding services, and we are answering this demand.

For this is no longer a business in which we can afford to simply sell you a phone and say, “Thank you, goodbye, see you in another year or two.”
By focusing on people’s needs and offering a unique range of services built into our great devices, we are forging stronger, ongoing relationships with our customers. Customer loyalty increases the value of the Nokia brand. This is our goal, which should be non-negotiable.

Seizing Our Opportunities

Dear shareholders, ladies and gentlemen, I am confident Nokia is making progress, step by step, in executing our strategy and reaching our long-term goals. Clearly, there’s much work to do.

The competitive environment remains tough. But our goal is clear, and as I said earlier, Nokia employees are excited with our new challenges and see them as opportunities to do something new and unique.

The opportunities are greater than perhaps at any time in our company’s history. I believe that we can “win through difficulties.”

We will continue to execute on our strategy and adjust our business to the changes of our dynamic environment. Transformation continues both in our industry, and at Nokia.

On behalf of Nokia, I thank you for your continued support, which we deeply appreciate.

Thank you!

I will now welcome your questions.

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**FORWARD-LOOKING STATEMENTS**

It should be noted that certain statements herein which are not historical facts are forward-looking statements, including, without limitation, those regarding: A) the timing of the deliveries of our products and services and their combinations; B) our ability to develop, implement and commercialize new technologies, products and services and their combinations; C) expectations regarding market developments and structural changes; D) expectations and targets regarding our industry volumes, market share, prices, net sales and margins of products and services and their combinations; E) expectations and targets regarding our operational priorities and results of operations; F) the outcome of pending and threatened litigation; G) expectations regarding the successful completion of acquisitions or restructurings on a timely basis and our ability to achieve the financial and operational targets set in connection with any such acquisition or restructuring; and H) statements preceded by “believe,” “expect,” “anticipate,” “foresee,” “target,” “estimate,” “designed,” “plans,” “will” or similar expressions. These statements are based on management’s best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors that could cause these differences include, but are not limited to: 1) the competitiveness and quality of our portfolio of products and services and their combinations; 2) our ability to timely and successfully develop or otherwise acquire the appropriate technologies and commercialize them as new advanced products and services and their combinations, including our ability to attract
application developers and content providers to develop applications and provide content for use in our devices; 3) our ability to effectively, timely and profitably adapt our business and operations to the requirements of the converged mobile device market and the services market; 4) the intensity of competition in the various markets where we do business and our ability to maintain or improve our market position or respond successfully to changes in the competitive environment; 5) the occurrence of any actual or even alleged defects or other quality, safety or security issues in our products and services and their combinations; 6) the development of the mobile and fixed communications industry and general economic conditions globally and regionally; 7) our ability to successfully manage costs; 8) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the Japanese yen and the Chinese yuan, as well as certain other currencies; 9) the success, financial condition and performance of our suppliers, collaboration partners and customers; 10) our ability to source sufficient amounts of fully functional components, sub-assemblies, software, applications and content without interruption and at acceptable prices and quality; 11) our success in collaboration arrangements with third parties relating to the development of new technologies, products and services, including applications and content; 12) our ability to manage efficiently our manufacturing and logistics, as well as to ensure the quality, safety, security and timely delivery of our products and services and their combinations; 13) our ability to manage our inventory and timely delivery of our products and services and their combinations; 14) our ability to protect the complex technologies, which we or others develop or that we license, from claims that we have infringed third parties’ intellectual property rights, as well as our unrestricted use on commercially acceptable terms of certain technologies in our products and services and their combinations; 15) our ability to protect numerous Nokia, NAVTEQ and Nokia Siemens Networks patented, standardized or proprietary technologies from third-party infringement or actions to invalidate the intellectual property rights of these technologies; 16) the impact of changes in government policies, trade policies, laws or regulations and economic or political turmoil in countries where our assets are located and we do business; 17) any disruption to information technology systems and networks that our operations rely on; 18) our ability to retain, motivate, develop and recruit appropriately skilled employees; 19) unfavorable outcome of litigations; 20) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices and lawsuits related to them, regardless of merit; 21) our ability to achieve targeted costs reductions and increase profitability in Nokia Siemens Networks and to effectively and timely execute related restructuring measures; 22) developments under large, multi-year contracts or in relation to major customers in the networks infrastructure and related services business; 23) the management of our customer financing exposure, particularly in the networks infrastructure and related services business; 24) whether ongoing or any additional governmental investigations into alleged violations of law by some former employees of Siemens AG (“Siemens”) may involve and affect the carrier-related assets and employees transferred by Siemens to Nokia Siemens Networks; 25) any impairment of Nokia Siemens Networks customer relationships resulting from ongoing or any additional governmental investigations involving the Siemens carrier-related operations transferred to Nokia Siemens Networks; as well as the risk factors specified on pages 11-32 of Nokia’s annual report Form 20-F for the year ended December 31, 2009 under Item 3D. “Risk Factors.” Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Nokia does not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.