

Nokia Networks Reinvented

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Chief Financial and Operating Officer

Nokia Networks

Our evolution to continuous improvement

FROM: restructuring
and transformation



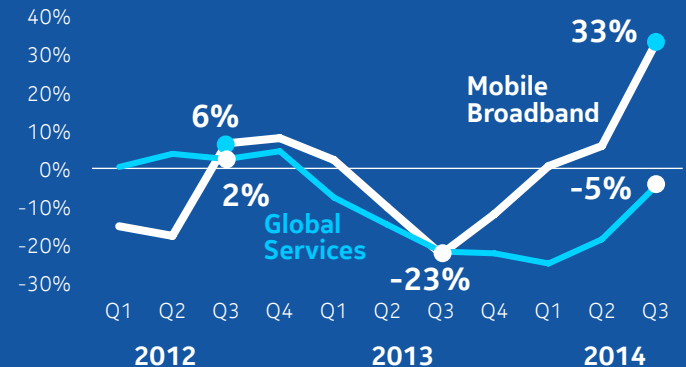
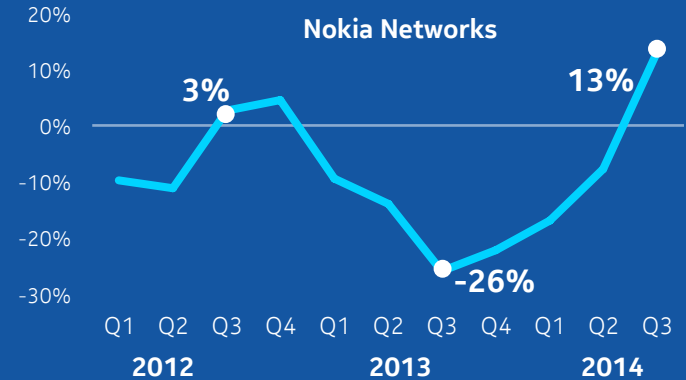
TO: continuous
improvement

1. Winning in key markets, expanding partnering and leveraging targeted acquisitions
2. Protecting our gross margin performance
3. Managing our OPEX: focus and discipline
4. Protecting our operating profit performance
5. Differentiating through quality and operating model

1. Winning in key markets (1/2)

- Execution is critical
- Extremely well-organized global Customer Operations
- Tight sales funnel control
- Sales effectiveness KPIs
- Structures and governance in place
- Clearly defined steps and decision gates
- Leverage customer base for continued upsell opportunities

Net sales (year-on-year change)



*) Numbers shown are non-IFRS results as reported by Nokia.
Non-IFRS results exclude special items for all periods.

1. Winning in key markets (2/2)

Expanding partnering

- Revenue expansion
- Creating new ecosystems
- Exploiting technology disruptions

Extend

Our portfolio & offerings

Embed

Partner elements inside our portfolio

Plug-in

Via open interface to communities

Channel

New channels, new customers

Leveraging acquisitions

- Four acquisitions to date
- Precise technology objectives
- Specific geographic aims

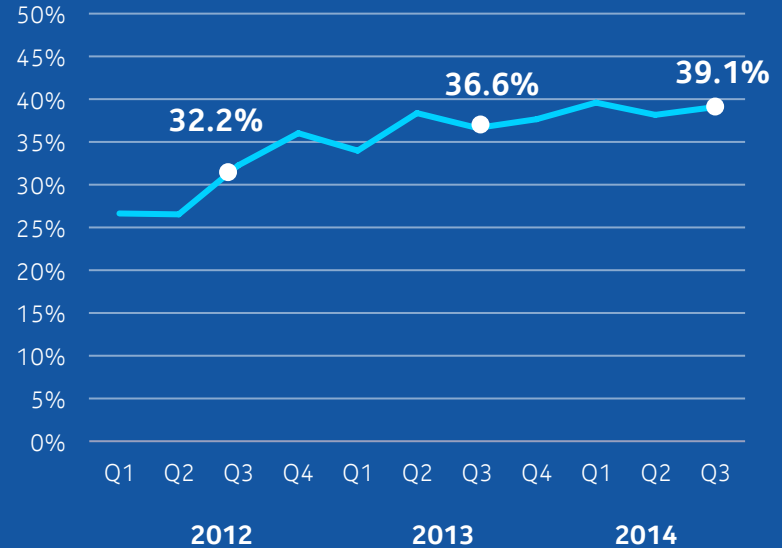


*) Expected to close in 2015

2. Protecting our gross margin performance

- Structured transformation delivering continuous improvement in gross margin
- Limited gross margin improvement from contract and country exits
- Majority of gross margin improvement from operational excellence
- Permanent improvements in Mode of Operations
 - Pricing War Room
 - Total Cost of Ownership
 - Regional Delivery
 - Global Delivery Centers Capability

Non-IFRS Gross Margin (%)

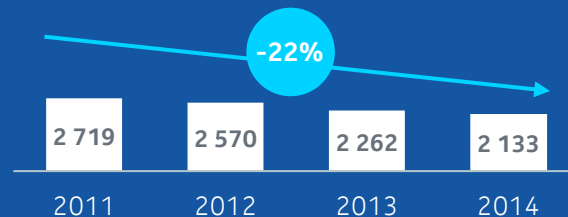


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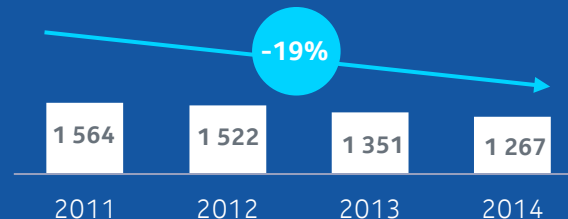
3. Managing our OPEX: continued focus & discipline

- Overall reductions in OPEX, while maintaining cost intensity
- Continued optimization of R&D
 - Rebalancing portfolio investments towards growth technologies e.g. 4G, cloud, small cells
 - Shifting costs from high to low cost locations
 - Improved R&D efficiency and quality
- Continuous improvement in SG&A
 - Focused S&M to improve customer acquisition and revenue impact
 - Tight cost discipline in G&A

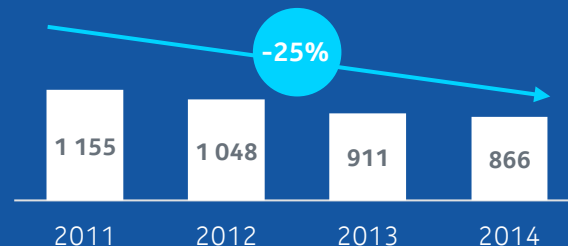
non-IFRS OPEX
EUR million, 1-3Q



non-IFRS R&D OPEX
EUR million, 1-3Q



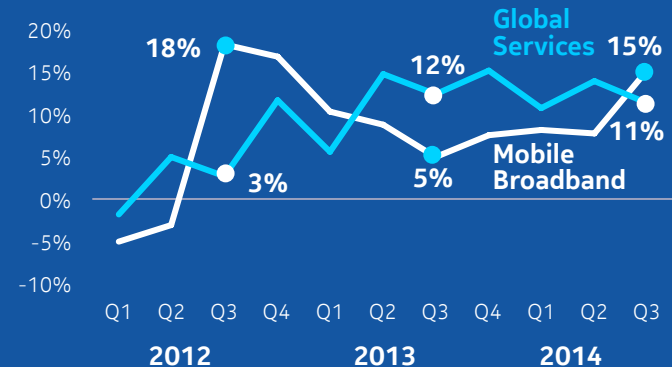
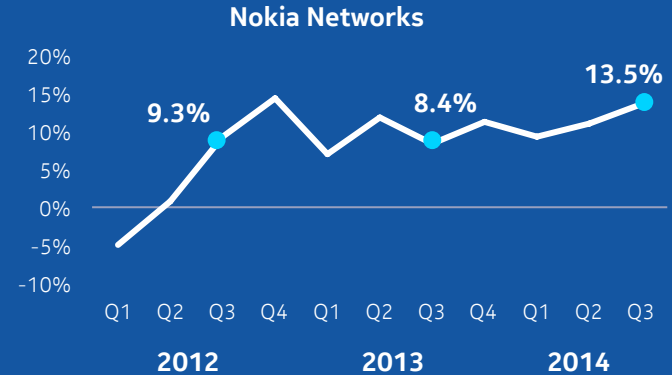
non-IFRS SG&A OPEX
EUR million, 1-3Q



4. Protecting our operating profit performance

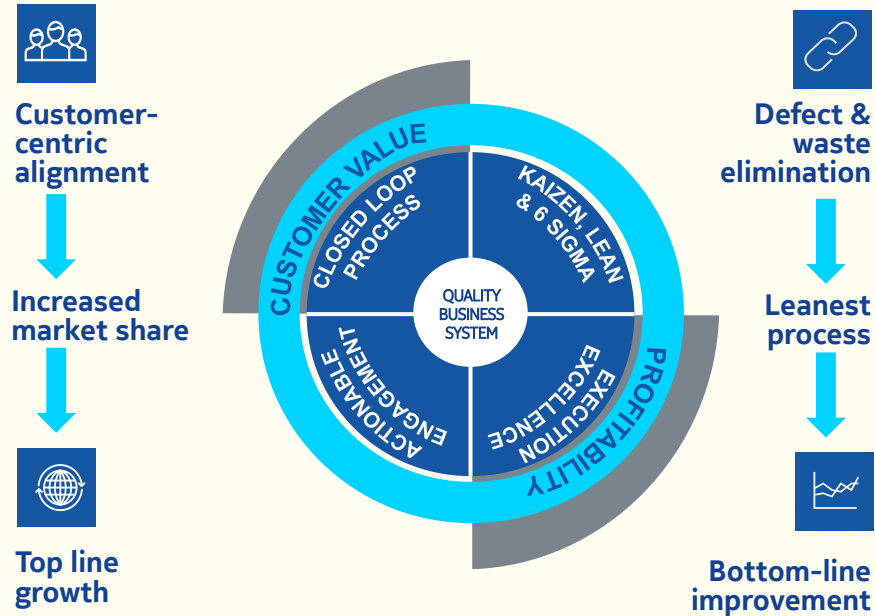
- Achieved restructuring and transformation targets
- Business model with a strong operating profitability mindset across all areas of the business
- Maximising profitability through continuous improvement of business segment specific levers
- Focus on operating performance
 - Six quarters of double-digit operating profit in Global Services
 - Four quarters of continuous improvement in Mobile Broadband operating profit

Non-IFRS Operating Margin (%)



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5. Differentiating by quality and operating model (1/2)



- Quality Business System focused on improvements with transparent financial impacts
- Quality Methodologies are the foundation (e.g., Kaizen, Lean & 6 Sigma)
- Process improvements optimising our mode of operations and cost
- Operating model rooted deep in the organization with financial & operational KPIs
- Governance model and operating rhythm to drive execution excellence
- Quality improvements yielding:
 - measurable financial impacts linked directly to the P&L
 - improved Customer Perceived Value

5. Differentiating by quality and operating model (2/2) – through ‘Smarter’ programs

1	Structural pricing improvement	Net Sales & Gross Margin
2	Services productivity and cost improvement	Gross Margin
3	Design to cost and hardware cost improvement	
4	Design for serviceability improvement	
5	Quality improvement	Gross Margin & OPEX
6	R&D transformation	OPEX
7	IT transformation	
8	End-to-end supply chain improvement	Enabler
9	Finance backbone	

Nokia Networks Reinvented

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- Protecting our gross margin performance
- Managing our OPEX: focus and discipline
- Protecting our operating profit performance
- Differentiating through quality and operating model

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information and a reconciliation between the non-IFRS and the reported information for historical periods can be found in Nokia's respective results reports. Please see our issued Interim Reports for more information on our results and financial performance for the indicated periods as well as our operating and reporting structure.

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