Nokia Siemens Networks
Simon Beresford-Wylie
Chief Executive Officer
Contents

• Progress review
• Industry and market trends
• Our plan
• Targets
2007 – Our report card

Financials

- Q3: top-line growth of 7% sequentially; operating profit* turned to positive
- Cash flow a major focus item

Customers

- Customer satisfaction remains strong
- Good deal momentum
- Cross-selling ramping up well

Integration

- Targeted €2 Bn annual cost synergies, mostly by end of 2008
- IT largely targeted to be integrated by end of 2008
- Further personnel reduction and transfers to trusted partners
- Real estate consolidation

Organization & culture

- Company Values
- Organizational simplification
- Services India hub

* Excluding special items and purchase price accounting related items

Source: Nokia Siemens Networks
Annual cost synergies on track for € 2.0 Bn

- **COGS**: ~ € 0.9 Bn
- **R&D**: ~ € 0.6 Bn
- **S&M**: ~ € 0.2 Bn
- **G&A**: ~ € 0.3 Bn

Cost synergies targets by key lever:
- **Purchasing/ Design-to-cost**: ~ € 0.6 Bn
- **Headcount**: ~ € 0.9 Bn
- **Other (incl. IT, Real Estate, etc)**: ~ € 0.5 Bn
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Market outlook . . .
Nokia Siemens Networks 2007 market expectation: Very slight growth*

- Estimating very slight total infrastructure market growth for 2007 in Euro*
- Services driving the growth

**Total mobile and fixed infrastructure and related services markets**

Source: Company reports, Nokia Siemens Networks estimates 2007
* As announced in Q3 2007 earnings release
Nokia Siemens Networks 2008 market expectation: Very slight growth

Total mobile and fixed infrastructure and related services markets

Regional market split estimate 2008

Source: Company reports, Nokia Siemens Networks estimate
Industry trends . . .
Our market vision of 2015 – the World connected

- Applications predominantly in Internet
- Multitude of business models
- Broadband Everywhere
- 5 Bn people connected
Our customers have three levers to monetize market opportunity

**Content and applications**
- Bridge telco and web worlds
  - Messaging, search, find…
  - Enterprise, communities
- Personal and interactive channel
  - Content
  - Advertising, banking…

**Connectivity**
- Broadband everywhere
- Simple, scalable architecture

**Context**
- Any device, single identity
- Location and time based
- Personalized quality
- Security E2E
Supplier landscape – major changes underway

- New growth markets
- Traffic growth
- Services growth
- Business models
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Nokia Siemens Networks way forward

**Leverage**
- Channel, e2e, SW, Operative scale
- Robust execution and strong portfolio

**Consolidate**
- Processes & support systems
- Synergies Captured

**High performance culture**

- **end 2007**
- **end 2008**
- **end 2009**
Nokia Siemens Networks way forward

Transform

Leverage

Consolidate

High performance culture

Channel, e2e, SW, Operative scale

Robust execution and strong portfolio

Processes & support systems

Synergies Captured

end 2007
end 2008
end 2009
Transform for growth and value

Transform

- Solutions company
- Portfolio for leadership
- 100x traffic @ lowest TCO
Customer focused solutions approach

- Business Transformation
- Revenue Growth
- Efficiency
- Connectivity

- Managed services
- Consulting
- Integration
- Applications
- Service management
- Optimization services
- Transport
- Implementation
- Services
- Access
Focus on services

- **Services support products**
- **Services differentiate products**
- **Services lead products**
- **Services are the products**

### Product focused

- **3* %**
- Market growth

**Focus on execution and efficiency**

- Streamline portfolio and processes
- Optimize sourcing
- Build solution practices

### Service focused

- **9* %**
- Market growth

**Focus on value and growth**

- Services HQ to India
- Build best-in-class partner ecosystem
- Invest in integration capability

*Estimated CAGR 2008 – 2011 for total services market*

**Source:** Nokia Siemens Networks and external analysts’ estimates
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Nokia Siemens Networks targets

• Faster growth than market in 2008
• Capture synergies
• Operating margin increasing to 10% by end of 2009 (excluding special items and purchase price accounting related items)
• Positive Operating Cash Flow through tight focus on deal quality and Net Working Capital reduction
Thank You!