

# Nokia Siemens Networks

**Rajeev Suri**

Chief Executive Officer

# Agenda

**2009**

The Opportunity

Delivering in 2010

Conclusion

# 2009 Summary

## Overall



- Challenging economic and competitive environment
- Top-line decline also reflects effect of deal discipline
- Mature technologies in decline; momentum in focus areas

## Financials



- 18% top line drop Q3 YTD, impacting profitability
- Plans in place to return to growth
- Cost discipline, continuing to lower the break even point
- Generating cash from operating activities

## Strategy



- Driving efficiency and subscriber experience
- Focus on operator network and service layers

# Challenging business environment in 2009

2009 has been a tough and disappointing year

- Reviving top line Nokia Siemens Networks' major priority
- Gross margin stabilized
- Opex reductions moderated operating loss

EUR million	Q1/08	Q2/08	Q3/08	Q4/08	Q1/09	Q2/09	Q3/09
Net sales*	3404	4071	3504	4340	2990	3199	2760
Operating profit*	81	274	177	225	-122	2	-53
Operating margin*	2.4%	6.7%	5.1%	5.2%	-4.1%	0.1%	-1.9%

\*Non-IFRS

# R&D transformation – roadmap and cost advantage

## R&D hours and cost in NSN Radio Access

Scale: Day 1 = 100



32% targeted capacity increase

18% targeted cost reduction

- Significant internal R&D ramp-up
- Focus on best skill / cost balance
- Reduction in collaborator input
- Resources shifted to focus products
- Proximity to key customers
- Highly competitive roadmap

# 2009 – Momentum where it matters



# Agenda

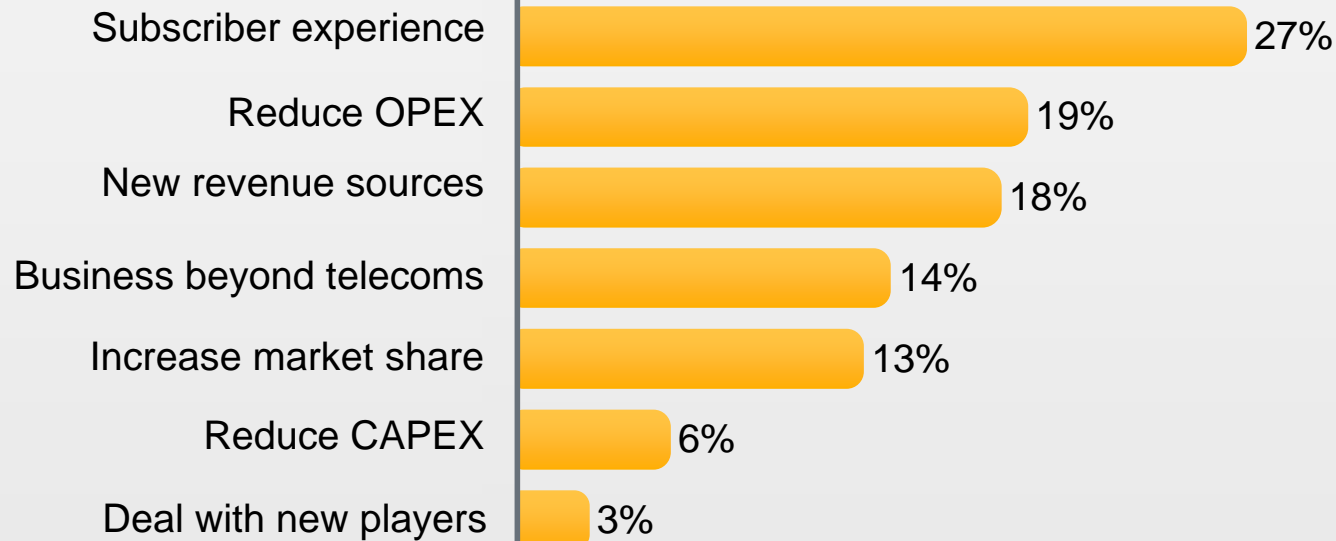
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# Our customers' top business goals in 2012

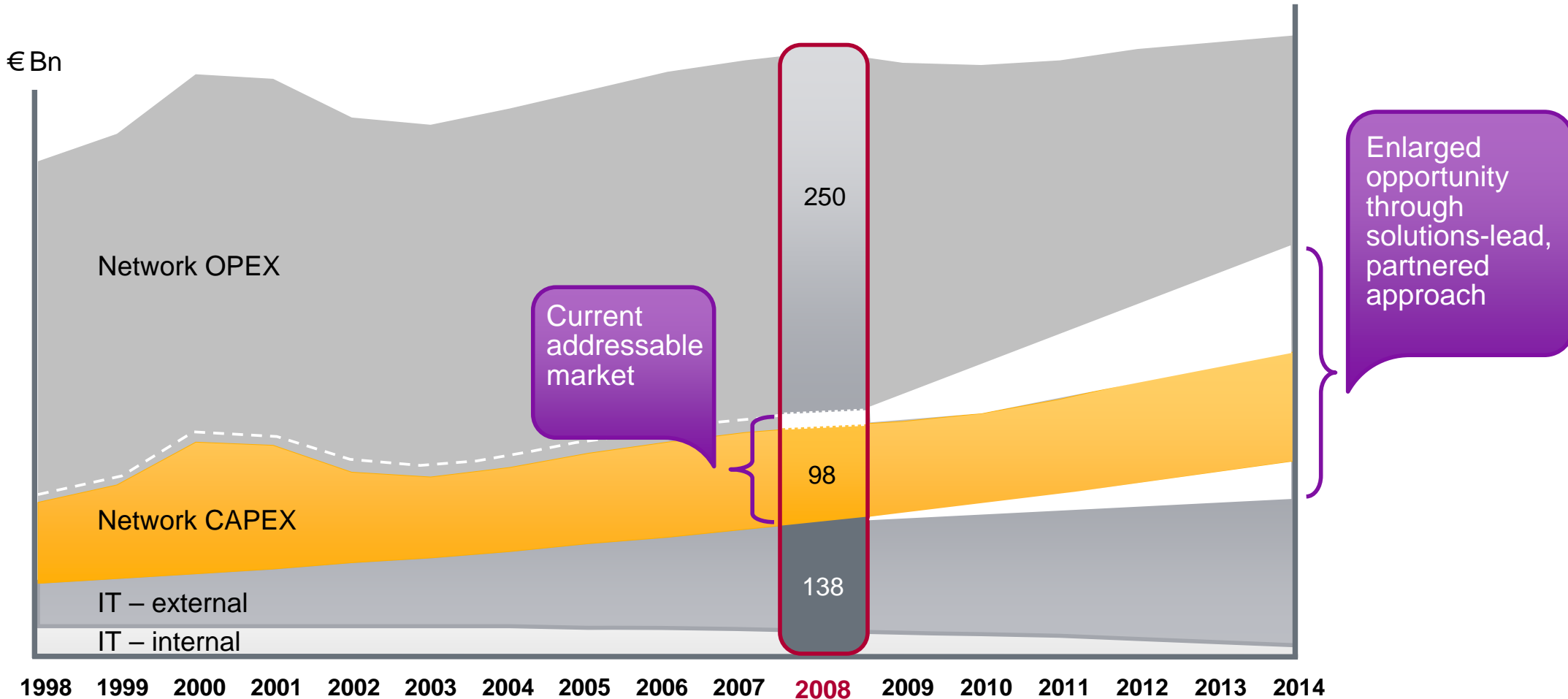


**Priorities changing:**  
With challenges in top-line growth, optimised subscriber experience and OPEX reductions become key value drivers

Source: Business Needs Study 2009 (n153), Nokia Siemens Networks, Respondents were allowed to select two options

# The Opportunity for Nokia Siemens Networks

## Fulfillment requires transformation



Source: Gartner, KPMG, Nokia Siemens Networks estimate

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# Execution priorities for 2010

Reinvigorating  
the organization



Driving for  
growth

Cost leadership

# Reinvigorating the organization: Customer-centric

Customer Operations

Business Solutions

Network Systems

Global Services

Speed

Simplicity

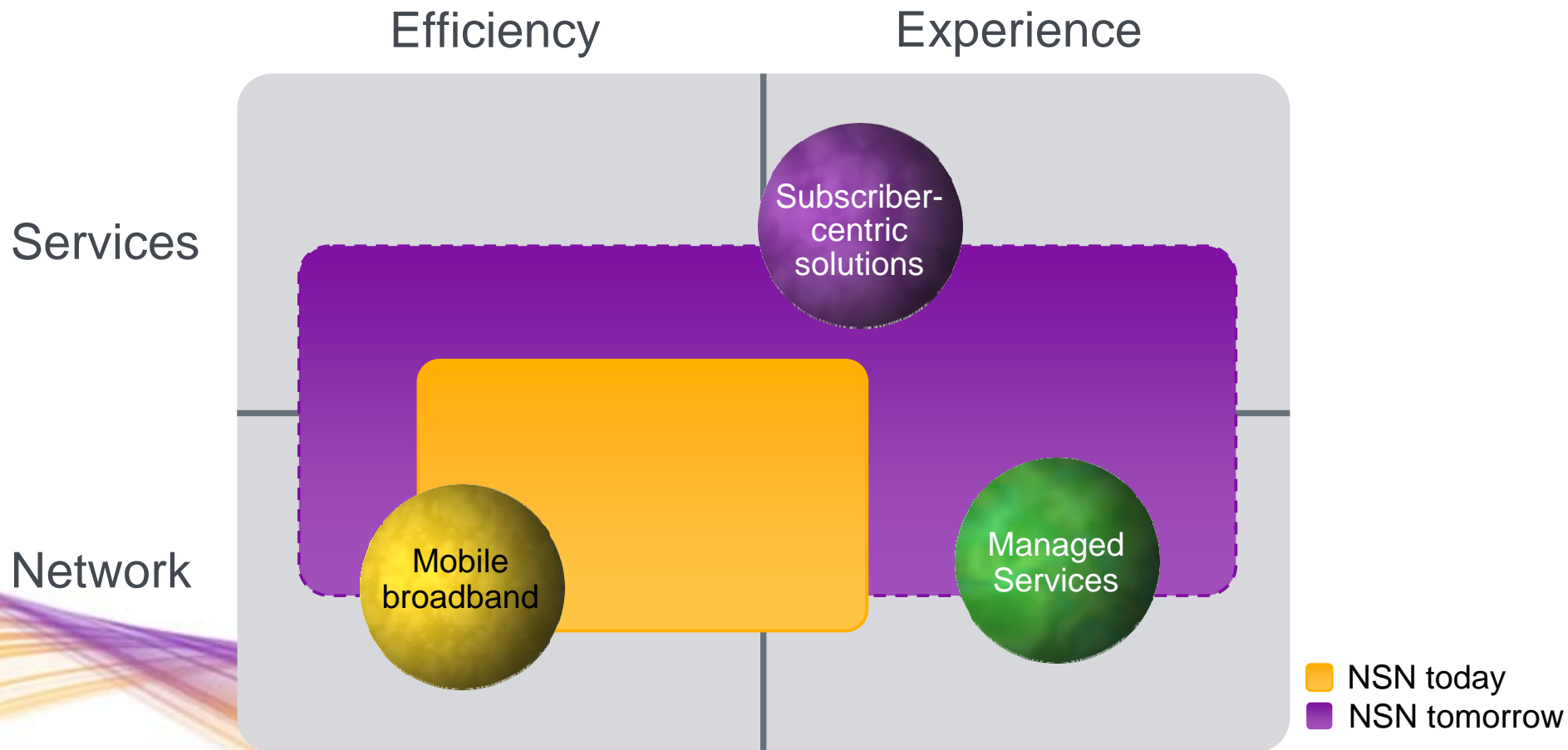
Customer  
focus

Empowerment

# Cost leadership

- Plan to reduce annualised OPEX and production overheads by €500m by the end of 2011, compared to the end of 2009
- Plan to cut annual procurement costs by more than €500m
- Balance to low-cost, high-efficiency and new markets

# Driving for growth: Building on our strengths



# Forecasts and targets for 2010

- Nokia and Nokia Siemens Networks expect a flat market in euro terms for mobile and fixed infrastructure and related services market in 2010, compared to 2009
- Nokia and Nokia Siemens Networks targets for Nokia Siemens Networks to grow faster than the market in 2010
- Nokia and Nokia Siemens Networks target Nokia Siemens Networks non- IFRS operating margin of breakeven to 2% in 2010

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# Key takeaways

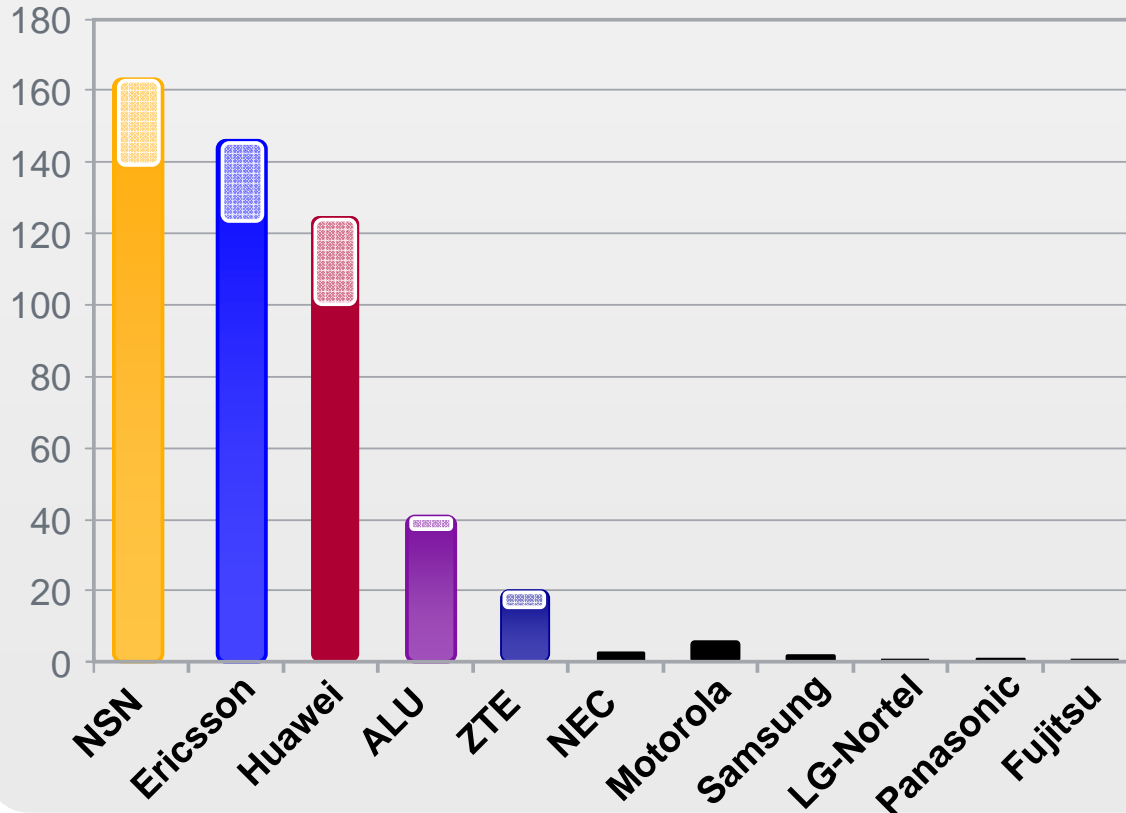
- Pursuing transformational opportunities – Professional Services leading the way
- Critical assets to enable best subscriber experience
- #1 mobile broadband customer base and offering
- Driving for growth – portfolio view of key markets

# Appendix

# Driving for growth: Mobile broadband momentum

163 active WCDMA/HSPA radio access customers  
23 new customers added YTD in 2009 – 16 in 2H09

# of customers



## Undisputed LTE leadership

- First with LTE commercial HW: 100k LTE-ready BTS for 100+ operators
- World's first LTE call and handovers on commercial software
- Selected by 4 operators for LTE radio deployment, including NTT DoCoMo
- LTE Centers of Competence in all lead markets globally
- LTE core network pioneer: packet core for DoCoMo, Zain and IMS for Verizon

# Driving for growth: Managed services momentum

Global Services

## Spain and UK

Complete operations of fixed and mobile multi vendor networks

**3GIS**

Shared network management



28,000 Services Professionals

- Including 16,000 in Managed Services
- Successful onboarding of >13,000 new MS employees

## Latin America

Largest MS provider in Latin America with a 5 year €1,1 billion multi vendor managed services contract



## Largest MS provider in India

delivering complete operations for Unitech, Tata and 4 other CSPs



## Middle East & Africa

Five-year multi-vendor managed services contract for 3,000 sites in three countries



- Only vendor to gain market share in 2008\*
- Underpinned by unique Global Delivery model
- More than 230 MS contracts managing more than 300m subscribers

\*Source: Equipment Vendor Services to Service Providers report, Infonetics Research, May 2009

\*\* Deals are public and non-public

- Number 1 in NGN voice solutions
  - 260+ references for mobile soft-switching
  - 100+ references for fixed NGN
- Number 1 in customer data management; >1bn subscribers
  - 80 customers in 46 countries
- Prepaid leader with over 500m subscribers
- Installed 2,400 network management systems for 670 customers
- Over 760 systems integration projects
- 5 out of top 10 customers have paid for our business consulting services

## Breakthrough win for our Service Delivery Framework at Globe



"We saw an end-to-end skill not only in hardware but also in Services... we thought if we are going to make leap in this leading edge application we need a trusted partner."

- Ernest L. Cu, Chief Executive Officer, Globe, Philippines

## All-IP HSPA network at Bell Canada enhanced by unified subscriber database



By evolving to a subscriber-centric network with a unified subscriber database, Bell can reap the benefits of network efficiency and is also able to provide an enhanced personal experience to customers

## Driving aggressive growth for leo<sup>TM</sup> with real time charging, mediation and subscriber data management



We opted for a trusted partner and their solution enables us to quickly launch attractive promotions and marketing campaigns

- Soban Paha, Chief Executive Officer, Leo, Namibia