

Nokia Capital Markets Day 2009

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Nokia Capital Markets Day 09

Nokia Connecting People

Espoo December 2nd

Agenda

- Market dynamics
- One P&L in D&S – Two operating modes
- Balance sheet and cash flow
- Financial targets

Market dynamics



Industry value and volume

2009 mobile device market, Nokia estimate

Value

59

41

Volume

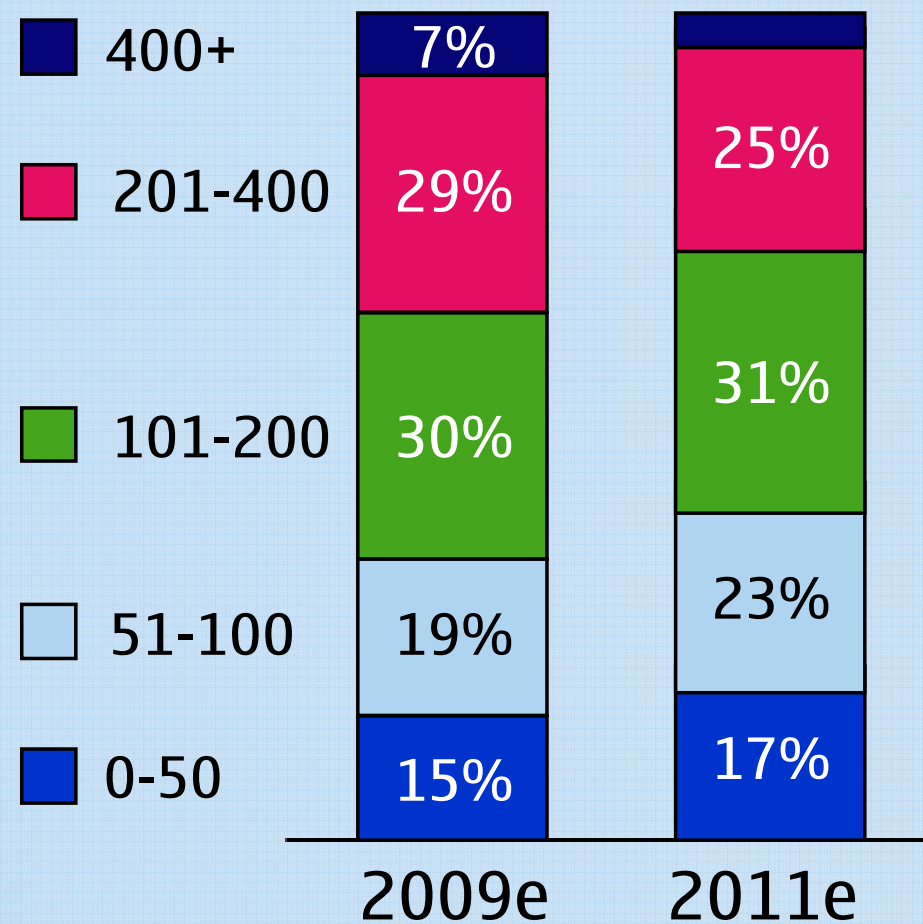
84

16

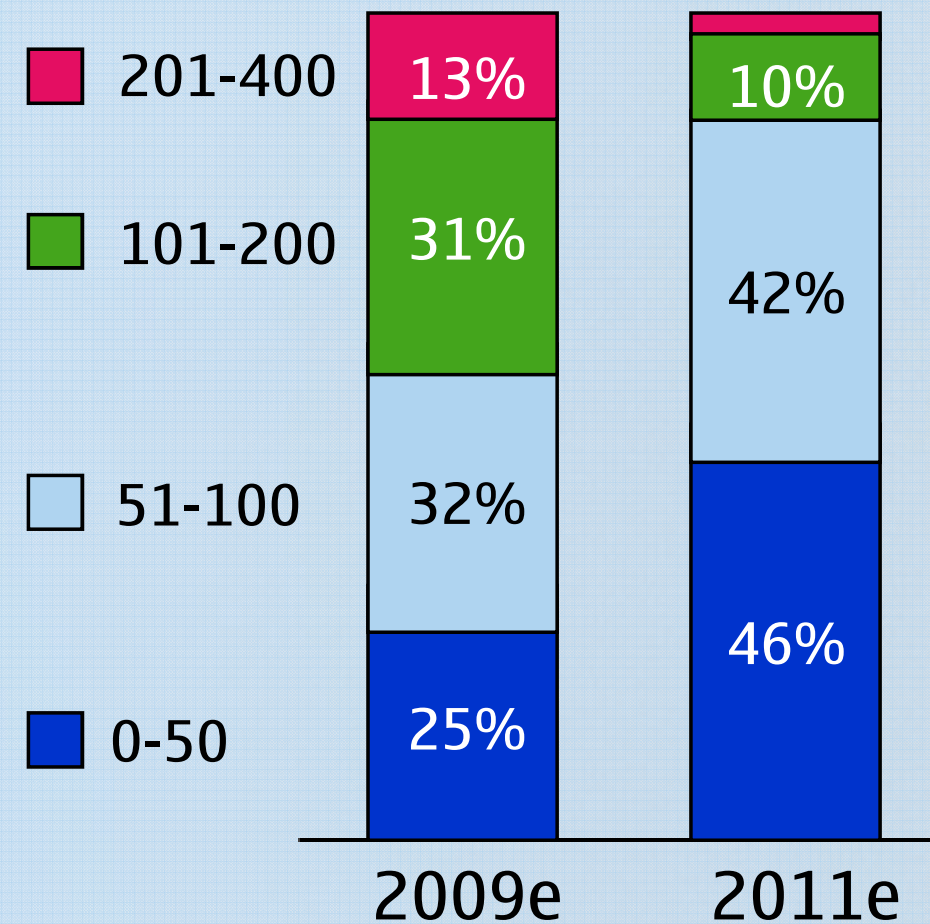
■ Mobile Phones ■ Smartphones

Industry market value – Two segments by price band

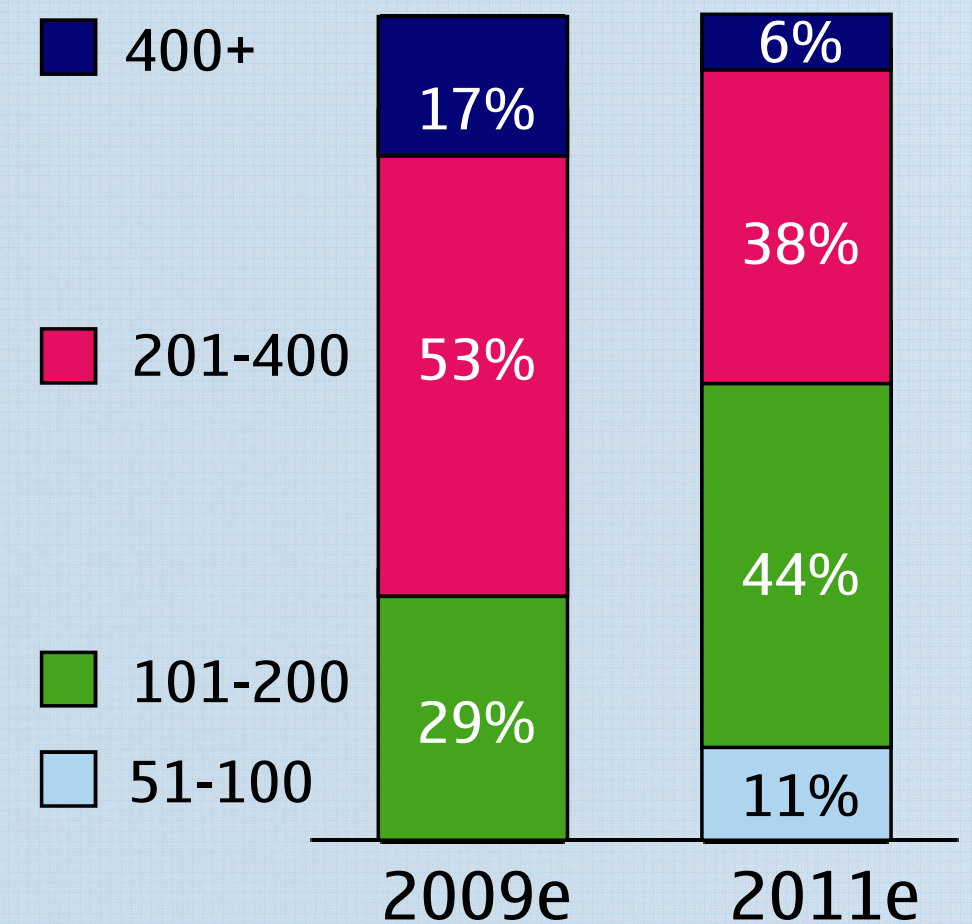
Mobile devices total



Mobile Phones



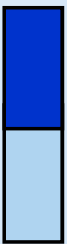
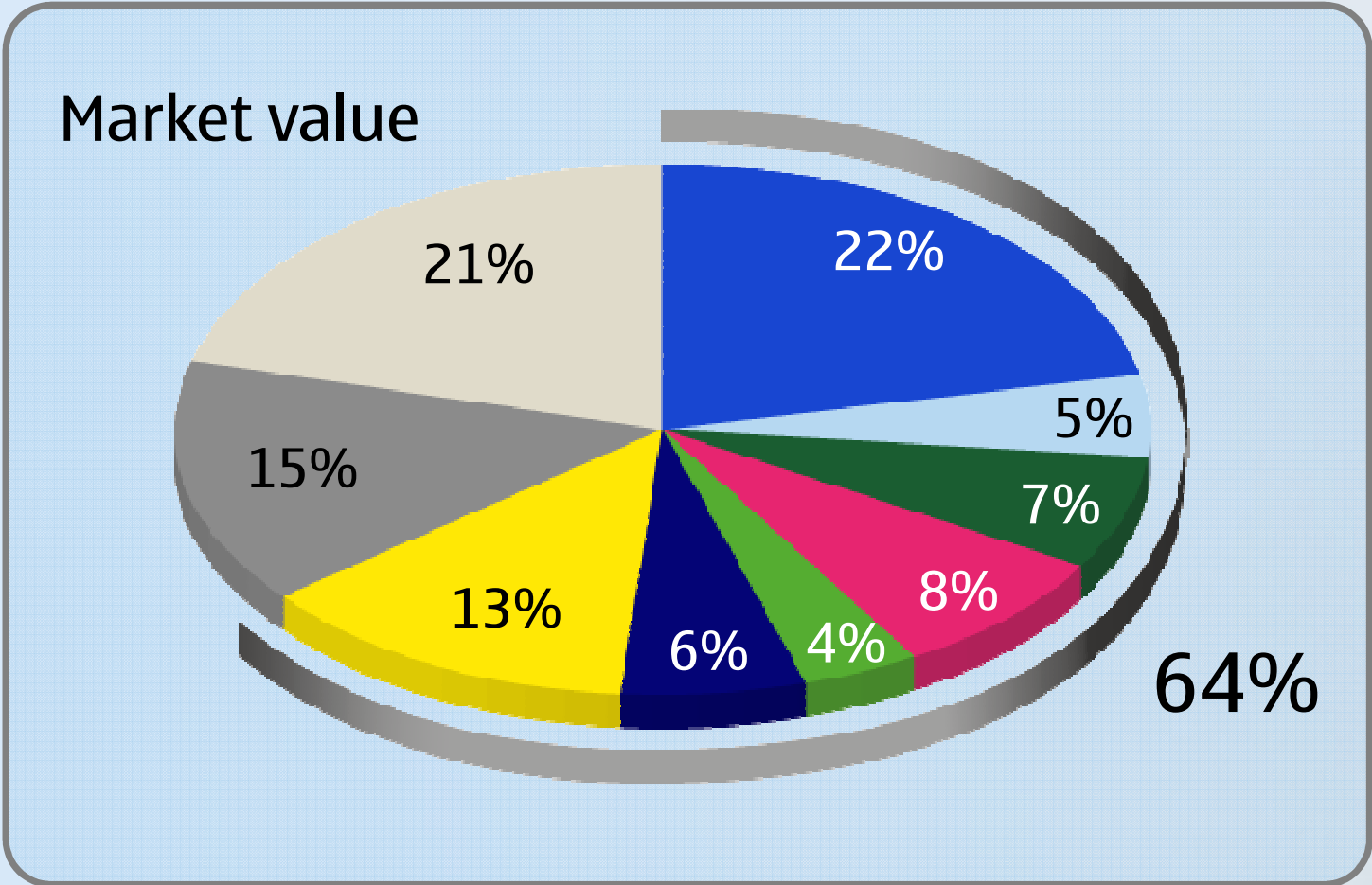
Smartphones



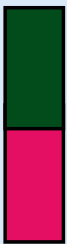
Source: Nokia estimates

Industry market value – Geographic balance

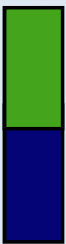
2009e mobile device market



Europe
Eurasia



Latin America
Middle East & Africa



India
South East Asia & Pacific



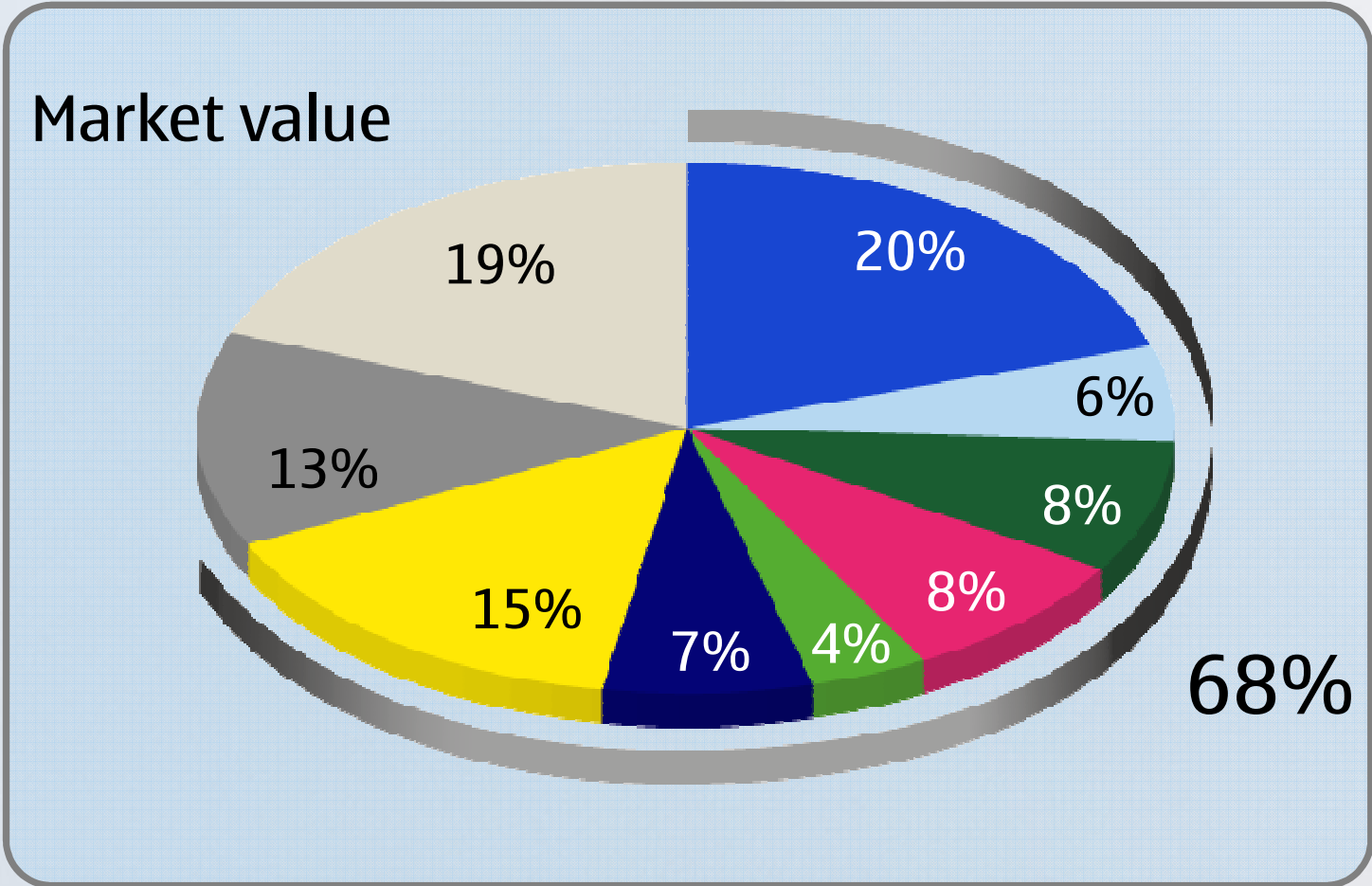
Greater China
Japan & Korea



North America

Source: Nokia estimates

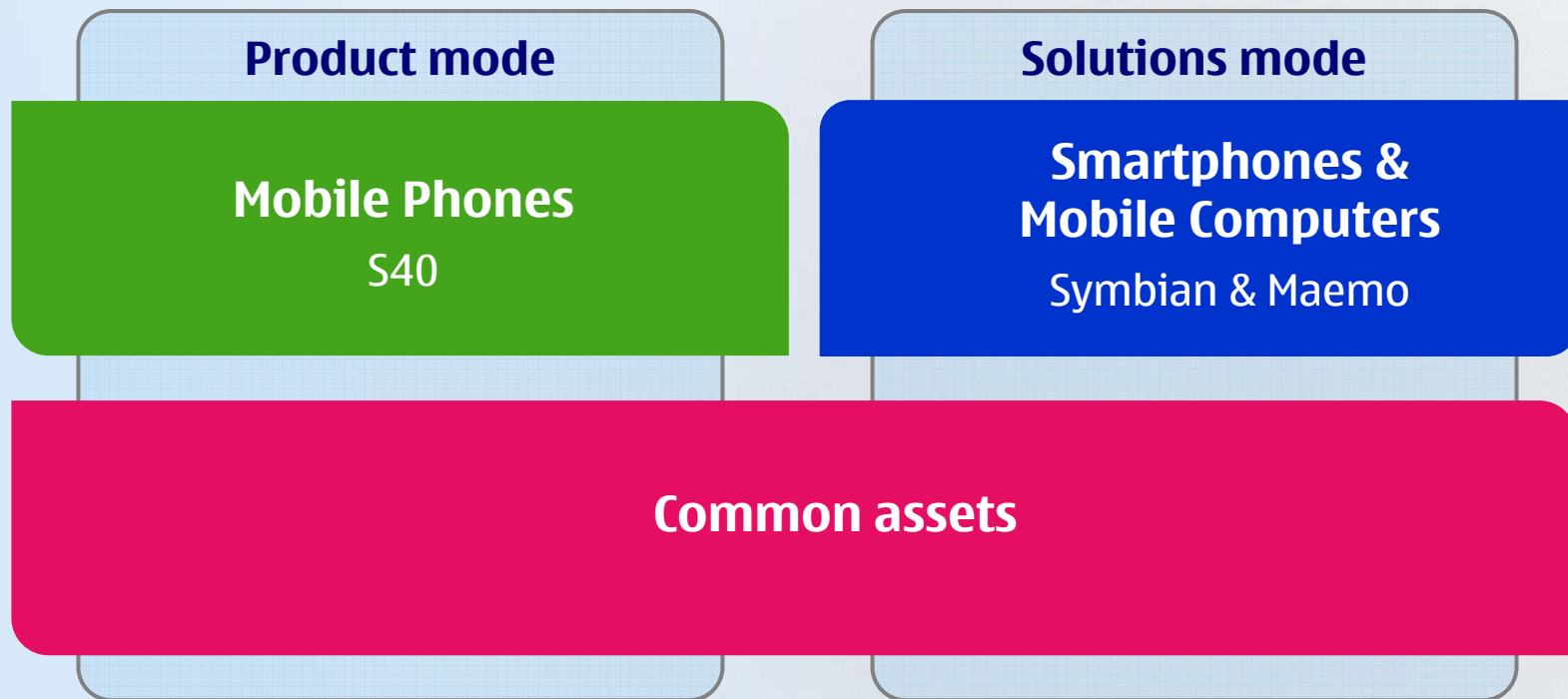
2011e mobile device market



One P&L in D&S – Two operating modes



Efficient use of Nokia assets



Efficient use of Nokia assets: **Common assets**

Brand

- World's 5th most valued brand in 2009
- Ahead of competitors in all brand metrics

Relationships

- 1.1 billion consumers with Nokia device
- 5 000 trade customers

Distribution

- World's widest distribution with over 650 000 points-of-sale

Sourcing

- 150 billion components from 150 suppliers
- Long term relationships with best suppliers

IPR

- Protection for over 11 000 inventions (patent families)
- Over 10% have been declared essential

NSN plan



Reorganization

Realigning the company around three key areas to better serve customers

NSN 1.1.2010

Business solutions

Network systems

Global services

Cost focus

Targeting 500 MEUR annualized OPEX & production overheads savings by end of 2011, compared to the end of 2009

Drive for growth

Mobile broadband

Managed services

Subscriber-centric solutions

NAVTEQ



- Navigation becoming integral part of smartphones
- NAVTEQ gives Nokia ability to create new innovative services
- Cost of sales benefit to Nokia
- Nokia will continue investing in NAVTEQ



Balance sheet and cash flow



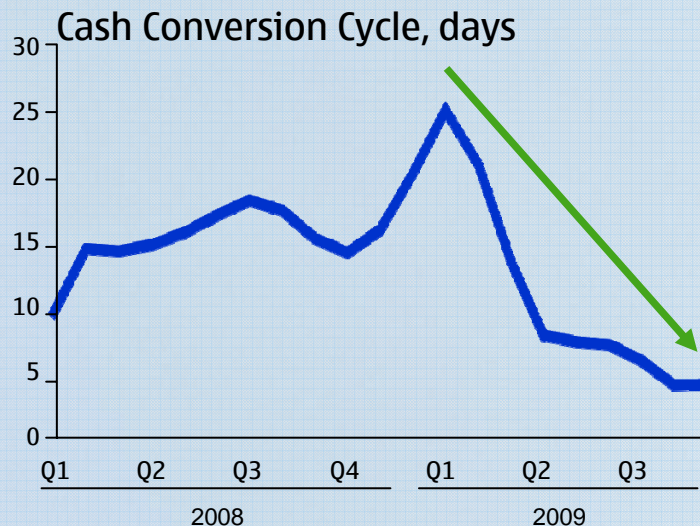
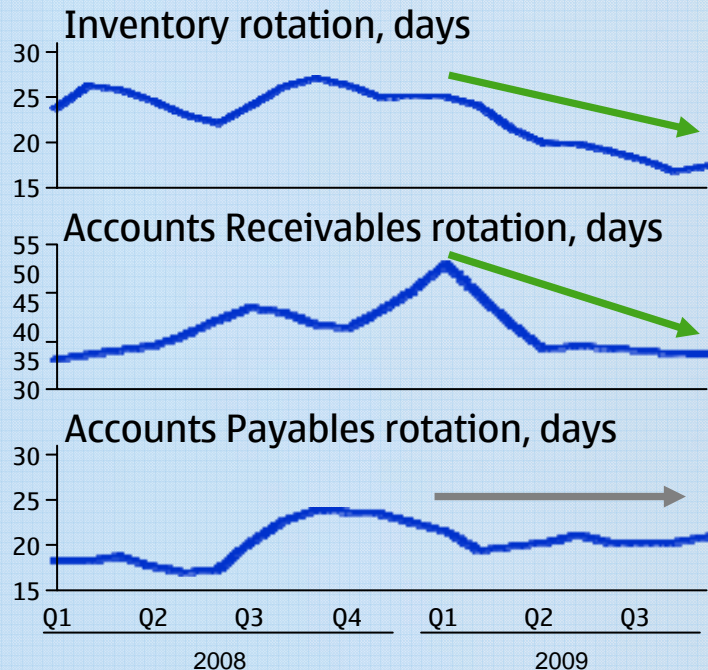
Balance sheet

Strong, simple and clean

	Q3-08	Q3-09
Cash and other liquid assets	7.2 BEUR	7.4 BEUR
Debt	4.3 BEUR	5.3 BEUR
Net cash	2.9 BEUR	2.1 BEUR
End of Q3 2009: Nokia Siemens Networks' contribution to Cash and other liquid assets was 0.7 BEUR, Debt 1.3 BEUR and thus reduced Net cash by 0.6 BEUR		

Devices & Services Cash Conversion

Inventory and Receivables efficiency improved throughout Q1-Q3 2009 and thus cash has been released from net working capital – focus to continue



Financial targets



D&S assets driving **revenue & gross margin**

Mobile Phones

- BOM & manufacturing cost benefit - scale
- Embedded services

Smartphones & Mobile Computers

- Symbian scaling down to lower price points
- Maemo user experience driving sales at higher price points
- Device + Service = solutions supporting ASP

Common assets

- Brand, relationships, distribution scale, reach and IPR

D&S assets driving **operating margin**

Mobile Phones

- Targeting cost leadership in all aspects of business execution

Smartphones & Mobile Computers

- Reducing complexity of Symbian
- Investing in Maemo
- Focusing on key services & solutions

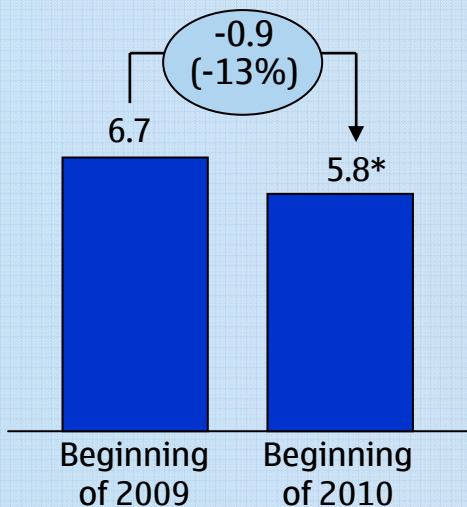
Common assets

- Leverage combined scale across business segments

Devices & Services cost plan

Progress 2008-2009

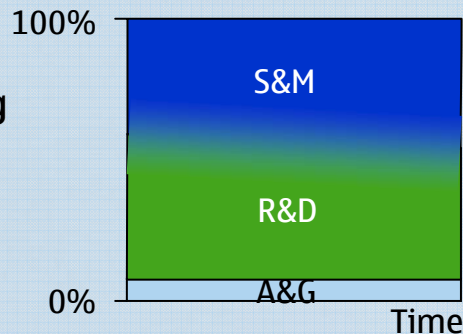
Annualized OPEX run rate,
Non-IFRS, BEUR



Plan going forward

- 2010 OPEX target: ~5.7 BEUR with mix shift towards S&M from R&D
- Target R&D to Net sales ratio < 10% in 2010

Longer-term
focus on shifting
OPEX mix from
R&D to S&M



* Nokia estimate

Nokia 2010 financial targets

Devices & Services

- Industry mobile device volume up approximately 10%
- Nokia mobile device volume market share flat
- Nokia mobile device value market share slightly up
- Non-IFRS operating margin 12-14%

Nokia Siemens Networks

- Mobile and fixed infrastructure and related services market flat in Euro terms
- Grow faster than the market
- Non-IFRS operating margin of breakeven to 2%

NAVTEQ

- Non-IFRS operating margin higher than D&S

Summary

- Mobile devices market is stabilizing
- Nokia's competitive position is solid
- 2010 user experience milestones are key
- Building and sustaining competitive advantages in two operational modes:
 - Product mode (Mobile Phones)
 - Solutions mode (Smartphones and Mobile Computers)

Other financial targets

	2009E	2010E
Tax rate*	~26%	~26%
Capital expenditure (MEUR)	~540	~560
Depreciation and Amortization (MEUR)**	~830	~800
Financial income & expense (MEUR expense)	~260	~250
Common group functions (MEUR expense)**	~135	~140

* Average tax rate for ordinary activities

** Non-IFRS