

Mobile Phones

Rick Simonson
EVP, Mobile Phones

Nokia Capital Markets Day 09

Nokia Connecting People

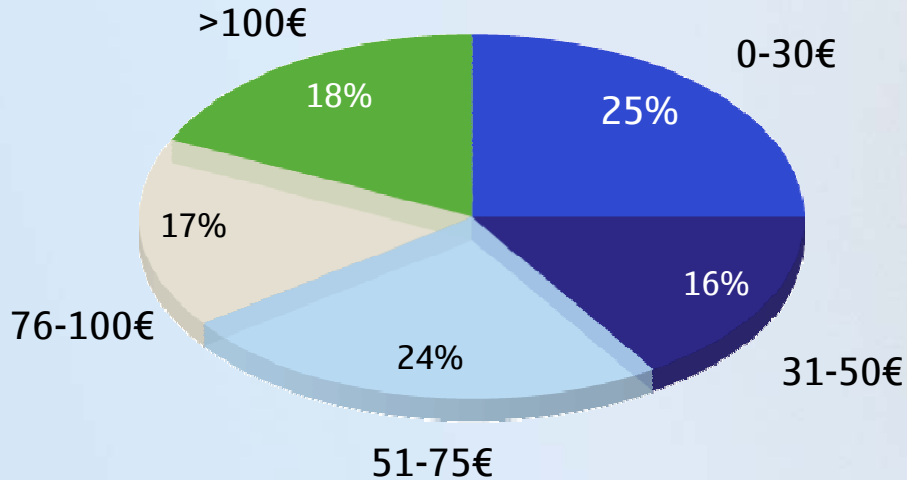
Espoo December 2nd

Mobile Phones drive the product mode of operation

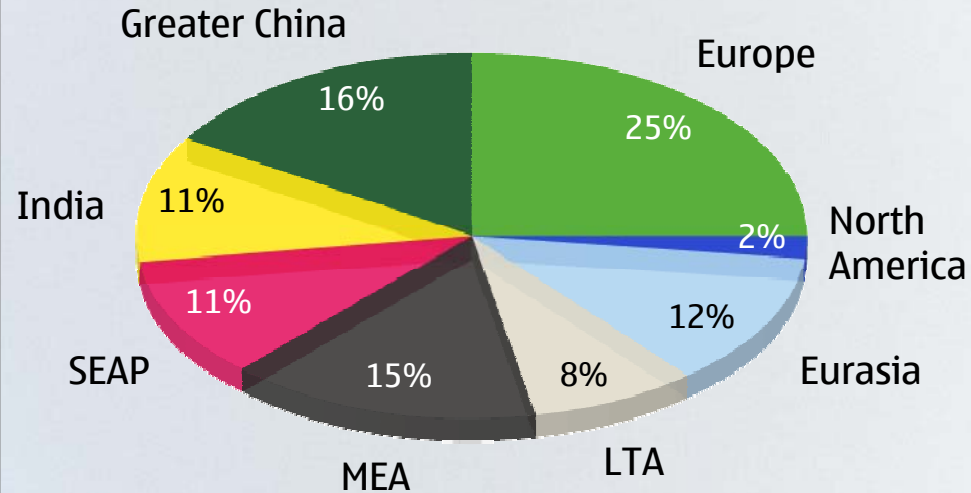


Mobile Phones covers a wide range of price points and markets

3Q 2009 Revenue by ASP Band



3Q 2009 Revenue by Geography (%)



Mobile Phones key focus areas

- Excellent products that command a brand premium
- Leveraging Nokia scale in manufacturing, sales and distribution
- Practical understanding of what consumers value, aspire to and can afford
- Lowest cost end to end business model

Leveraging a strong brand

Typically, **entry consumers** put even greater importance on **brand**

Over 50% believe brand is one of the most important purchase criteria

Nokia holds a distinct **brand advantage** against key competitors globally and locally

1 **Coca-Cola**

2 **Microsoft**

3 **IBM**

4 **GE**

5 **NOKIA**

Source:
Interbrand 2009



World's most extensive reach through widest distribution network

Middle East and Africa:

Nokia ~ 70 000 outlets
Samsung ~ 30 000 outlets



China:

Nokia ~ 90 000 outlets and
1 000 care centers
Samsung ~ 70 000 outlets
and 250 care centers



India:

Nokia ~ 160 000 retailers and
800 care centers
Samsung ~ 50 000 retailers and
400 care centers



Practical understanding of what consumers value, aspire to and can afford

First time buyers

Affordability and features
(e.g. FM radio)



Expectations transformed from basic communication to modern design, music, radio, internet and more

Also the emerging market is increasingly driven by **replacement buyers**

Replacement buyers

Differentiation and services
(e.g. Nokia Life Tools, Messaging, Comes with Music)



Key drivers for the lowest cost end to end business model

- Competition coming from two different perspectives
 - Traditional competitors
 - MediaTek-based competitors
- We need to have continuous focus on gross margin – through ASP, brand premium and COGS – by leveraging Nokia's component sourcing scale
- Increased focus on R&D Opex efficiency while making selected new investments
- Driving for efficiency and scalability in manufacturing
- Focus on efficient distribution channel, leveraging Nokia scale

It is not only about cost efficiency, but also innovation

Cost innovation

Less-packaging,
smaller user guide
Logistics optimization

Feature innovation

Flash-light, radio (with internal FM antenna), camera
Quality with strong signal reception

Material innovation

Coatings, metal-look plastic etc.
creating premium products at
low cost

Service innovation

Services built from the ground up,
based on local context,
local content and local language
Nokia Life Tools, Ovi Mail, Nokia Money

Focused service innovation

Messaging

All methods to stay in touch with family and friends on one device (Mail on Ovi, 3rd party e-mail/ Nokia messaging/ Social networking)



Browsing

Optimized mobile browsing experience and widgets platform.



Nokia Life Tools

Out-of-the-box livelihood/life improvement enhancer for low income users (education, agriculture, entertainment)



Nokia Money

Easy and low cost access to banking services and payment alternatives for the unbanked



It's the beginning of a long lasting **relationship!** – **Value adding** to consumers and **sustainably profitable** for Nokia!