

# **Nokia Siemens Networks – The leader in convergence**

**Mika Vehviläinen**

**Chief Operating Officer, Nokia Siemens Networks**

“[Your] strength in fixed and mobile networks was obviously extremely important to us. After all, the added value for our customers rests primarily in what is known as converged service provision, allowing them to use the same services via their mobile phone, fixed line or PC.”

Eelco Blok, member of KPN Managing Board

# Nokia Siemens Networks

## The leader in convergence

# Nokia Siemens Networks

New value from **complementary assets & cross-selling opportunities**

## NOKIA

Mobile Phones,  
Multimedia &  
Enterprise  
Solutions

### Networks

Headcount: approx.  
23,000

## SIEMENS

### Carrier

Headcount: approx.  
37,000\*

Enterprise,  
Wireless modules

### Wireline Infrastructure and Related Services

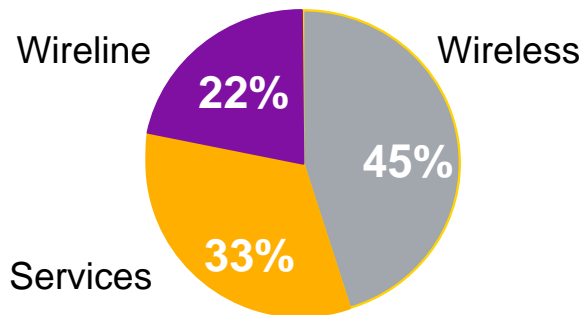
Total market 2007, €Bn: 57  
CAGR (2007-2010), % : ~4

Source: External Analysts' Estimates

### Nokia Siemens Networks



2Q 2007 Revenues: € 3.4 bn\*\*  
Headcount: approx. 60,000



### Wireless Infrastructure and Related Services

Total market 2007, €Bn: 59  
CAGR (2007-2010), % : ~4

Source: External Analysts' Estimates

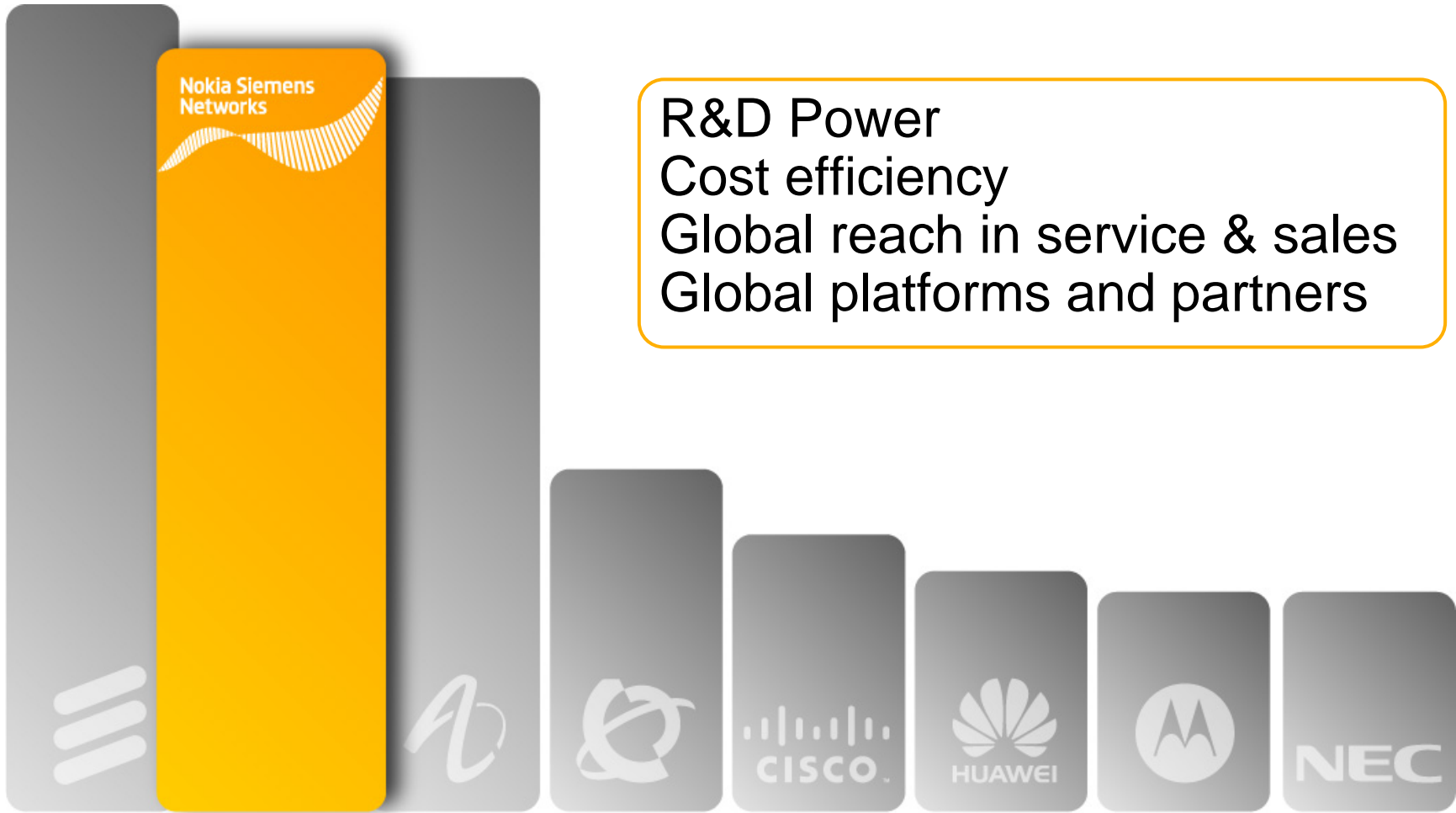
\*Including consolidation eliminations

\*\* Sales in services are reported for wireline, wireless and converged in total.  
As of April 1, 2007, Nokia Siemens Networks results are consolidated by Nokia.



# Scale to sustain and innovate

Based on carrier business 2006 revenues



R&D Power  
Cost efficiency  
Global reach in service & sales  
Global platforms and partners

Ericsson  
(incl. Redback)

**Nokia  
Siemens  
Networks\*\***

Alcatel  
- Lucent\*  
(incl. Nortel's  
UTRAN)

Nortel\*  
(w/o. UTRAN)

Cisco

Huawei\*

Motorola

NEC

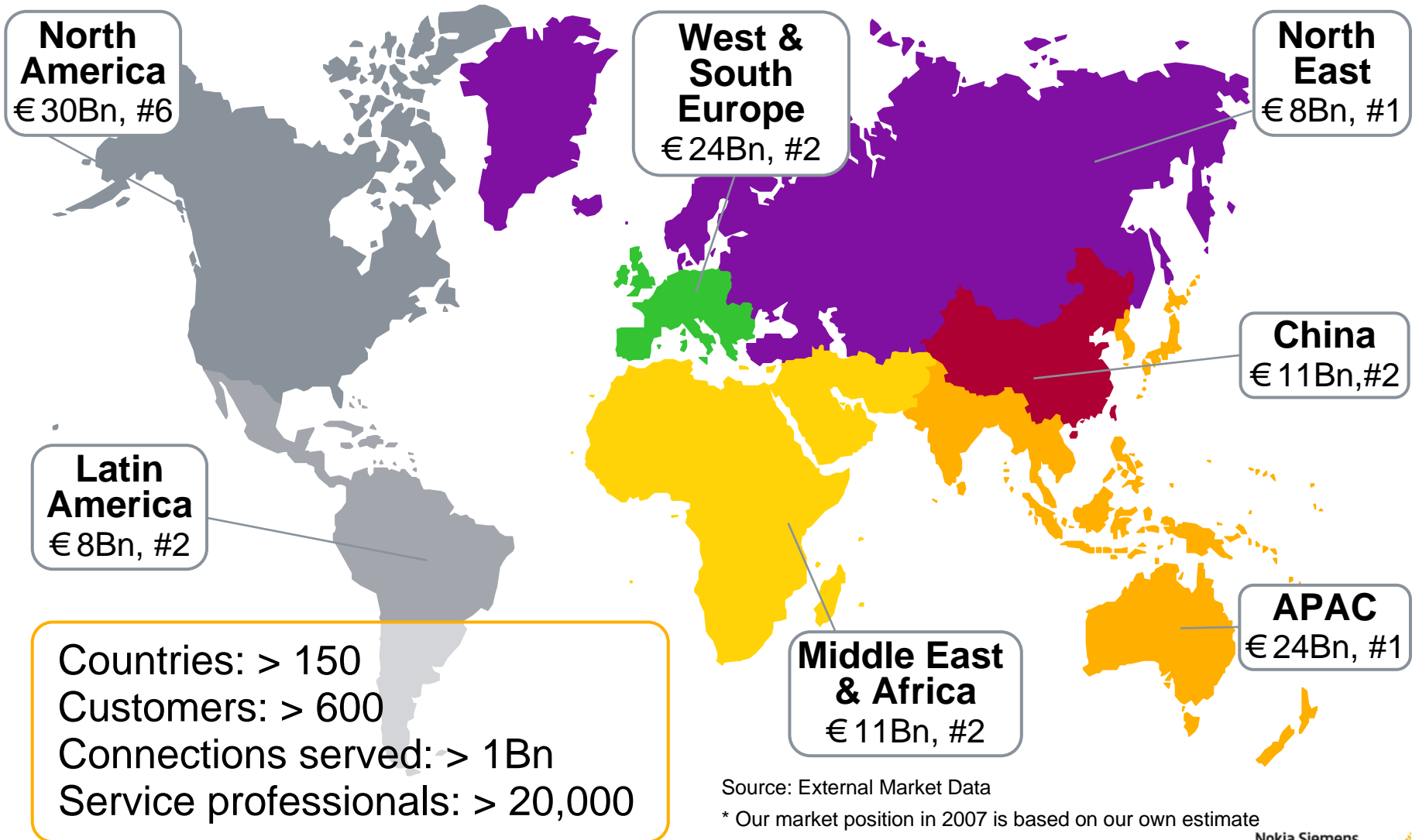
All companies with comparable carrier business revenues.

\* estimated figures \*\* unaudited estimated calendarised numbers

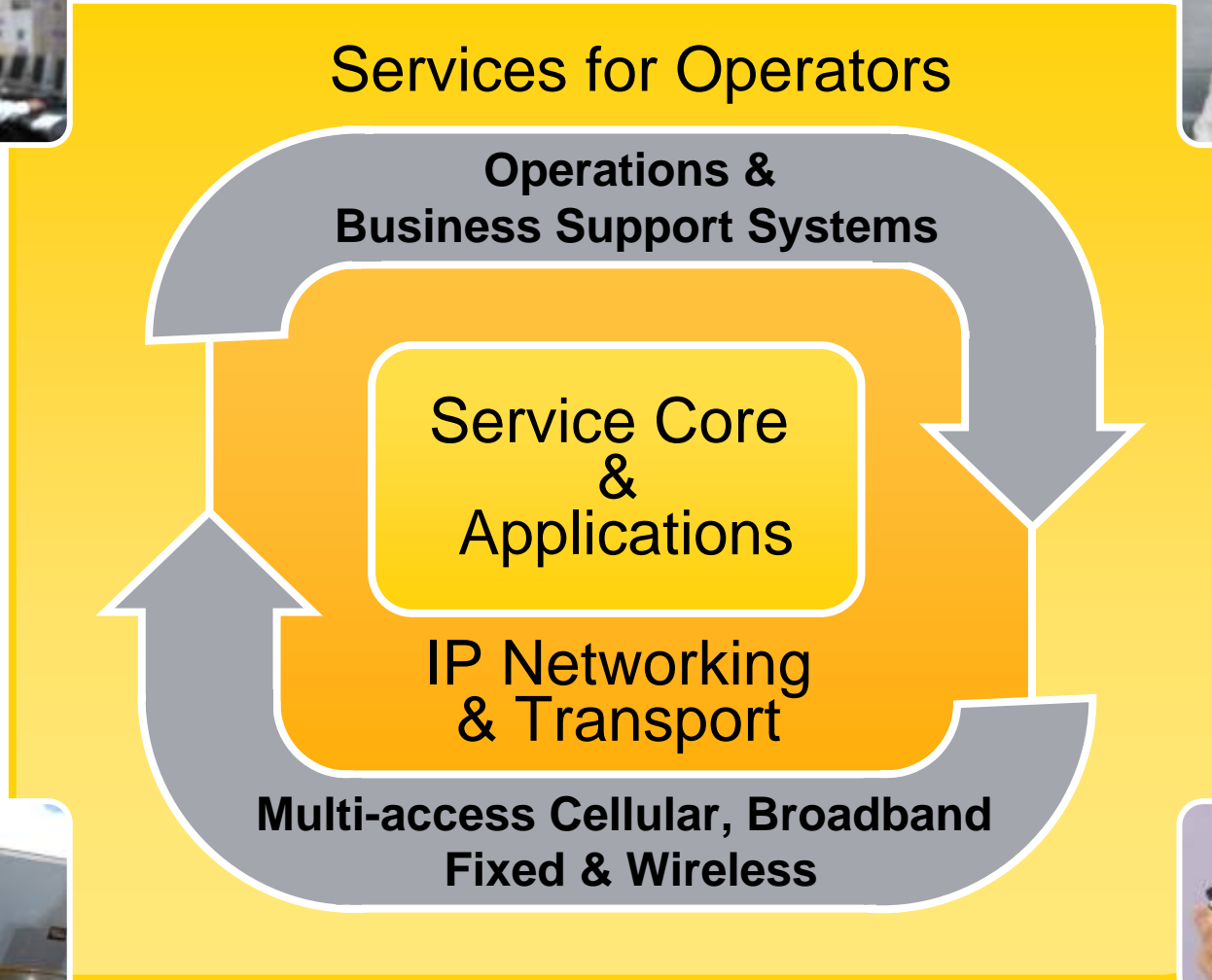


# Global presence and service capability

Infrastructure market size and position\* per region in 2007



# A full portfolio for **fixed and mobile** operators



# Our Business Units

– unrivalled blend of expertise, solutions, services and products

Radio Access

Broadband Access

IP Transport

Service Core  
and Applications

Operations and Business  
Software

Services

These business units address the fixed market.  
And they are in the focus of today.



These business units address both the fixed and mobile market.

# The biggest asset – Our customers

Some examples out of more than 600



We have a strong global market position and customer base\*

#2 in wireless networks

#2 in operator services

#3 in wireline networks

600 customers in 150 countries

75 of top-100 operators as customers

Over 1 billion people connect through our switches

\* Based on internal estimates

“With the fast adoption and development of Internet applications in Yunnan we need to optimize the network... Nokia Siemens Networks' Ethernet solution, which has been widely adopted globally, will help us to fulfill this demand.

Li Hua, Chairman and General Manager of Yunnan CTC

## Business update

Challenging market –  
Deal momentum

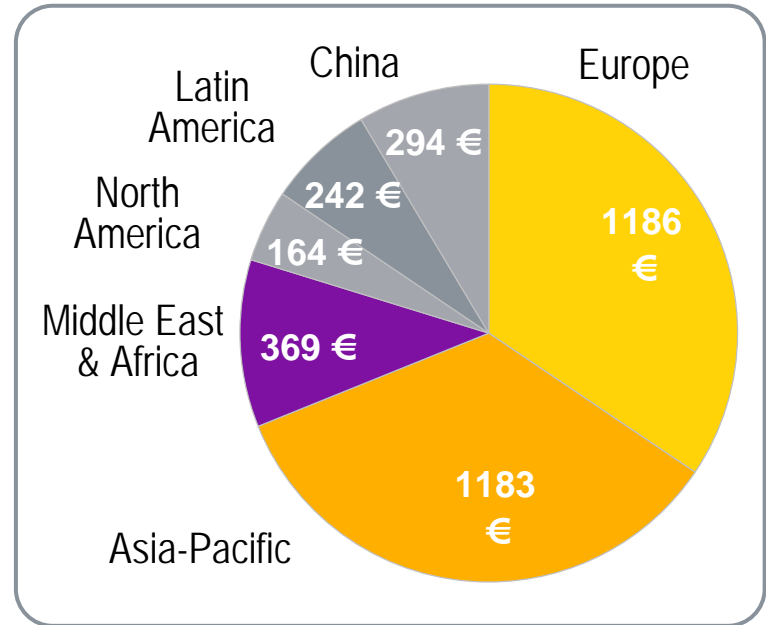
# Second quarter 2007 – Key quarterly figures

## Key figures, Q2 2007 € Mn

Net sales	3 438
Operating profit	- 1 226
Operating margin, %	- 37
- excl. special items*, %	- 11

Employees slightly under 60,000

**Challenging quarter,  
decisive actions required,  
annual synergy targets accelerated**



Geographic distribution of net sales Q2 2007 (€ Mn)

\* Special items include restructuring charges

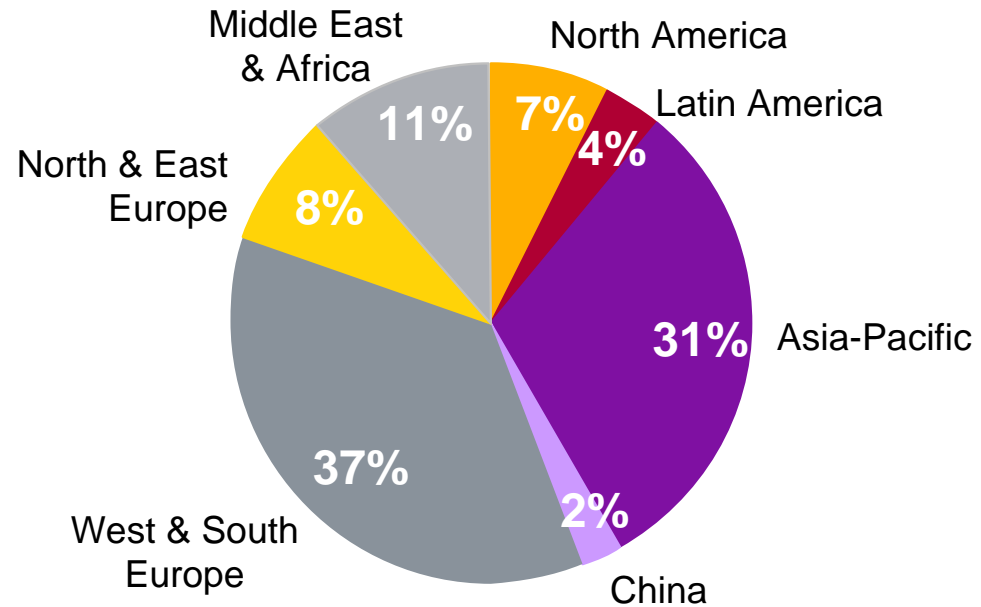
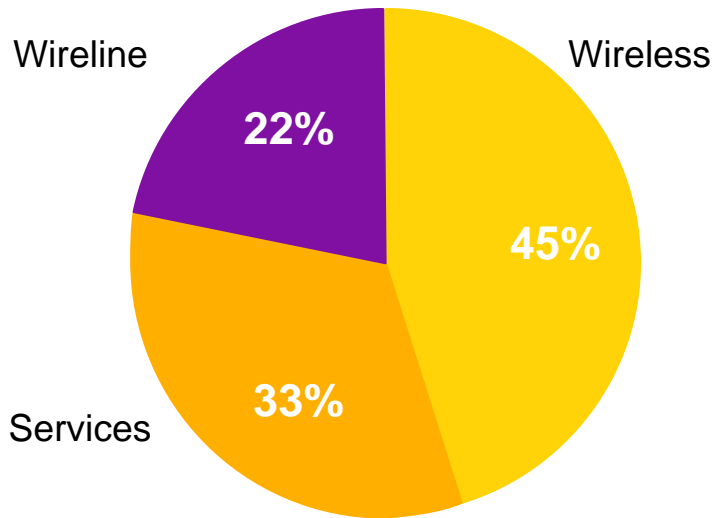
As of April 1, 2007, Nokia Siemens Networks results are consolidated by Nokia.

Source: Nokia financial reporting

# Wireline & related services contribution

**2nd Quarter 2007**  
Net sales\* [€mn]: 3 438

**2nd Quarter 2007**  
Geographic distribution - Wireline



\* Sales in services are reported for wireline, wireless and converged in total.  
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Source: Nokia Siemens Networks 2007

# Deal momentum -

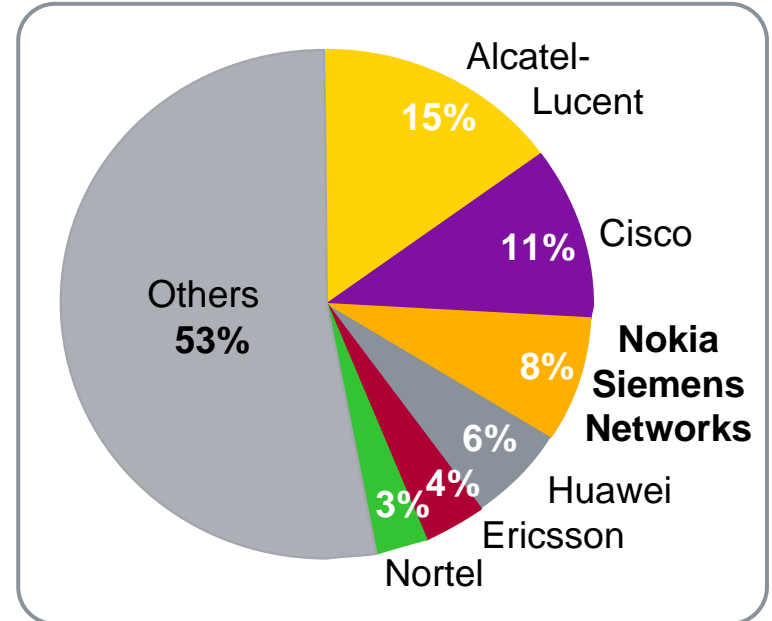
## Capturing growth and cross-selling opportunities

- ~ 900 new deals as of Q2 2007
- Turn-key win with BSNL for high-speed connections (IP DSLAM)
- Strengthened market leadership in IMS: TeliaSonera, ComHem...
- NGN deal with MGTS for PSTN replacement in Moscow
- New pan-European DWDM backbone win with Tele2
- Large scale Carrier Ethernet contract with CTC in China

- IMS = IP based Multimedia Subsystem (3GPP)
- IP DSLAM = Gigabit Ethernet-capable Digital Subscriber Line Access Multiplexers
- NGN = Next Generation Network (i.e. IP softswitches and media gateways)
- PSTN = Public Switched Telephony Network (analog and digital, TDM based)
- DWDM = Dense Wavelength Division Multiplexing (i.e. fiber optics technology)

Source: Nokia Siemens Networks 2007

Estimated Market Share Q2 2007  
Wireline Networks incl. Services



Source: Nokia Siemens Networks & company reports

"The partnership with Nokia Siemens Networks underlines Cellcom's strategy to extend its business into fixed line services in Israel. The solutions provided by Nokia Siemens Networks... will help meet growing demand for voice and data traffic."

Lipa Ogman, CTO of Cellcom Israel

# Industry in transition

## Creating opportunity

# Industry in transition

Growth in users, applications and traffic

Operator business model shift & fragmentation

New & intense competition



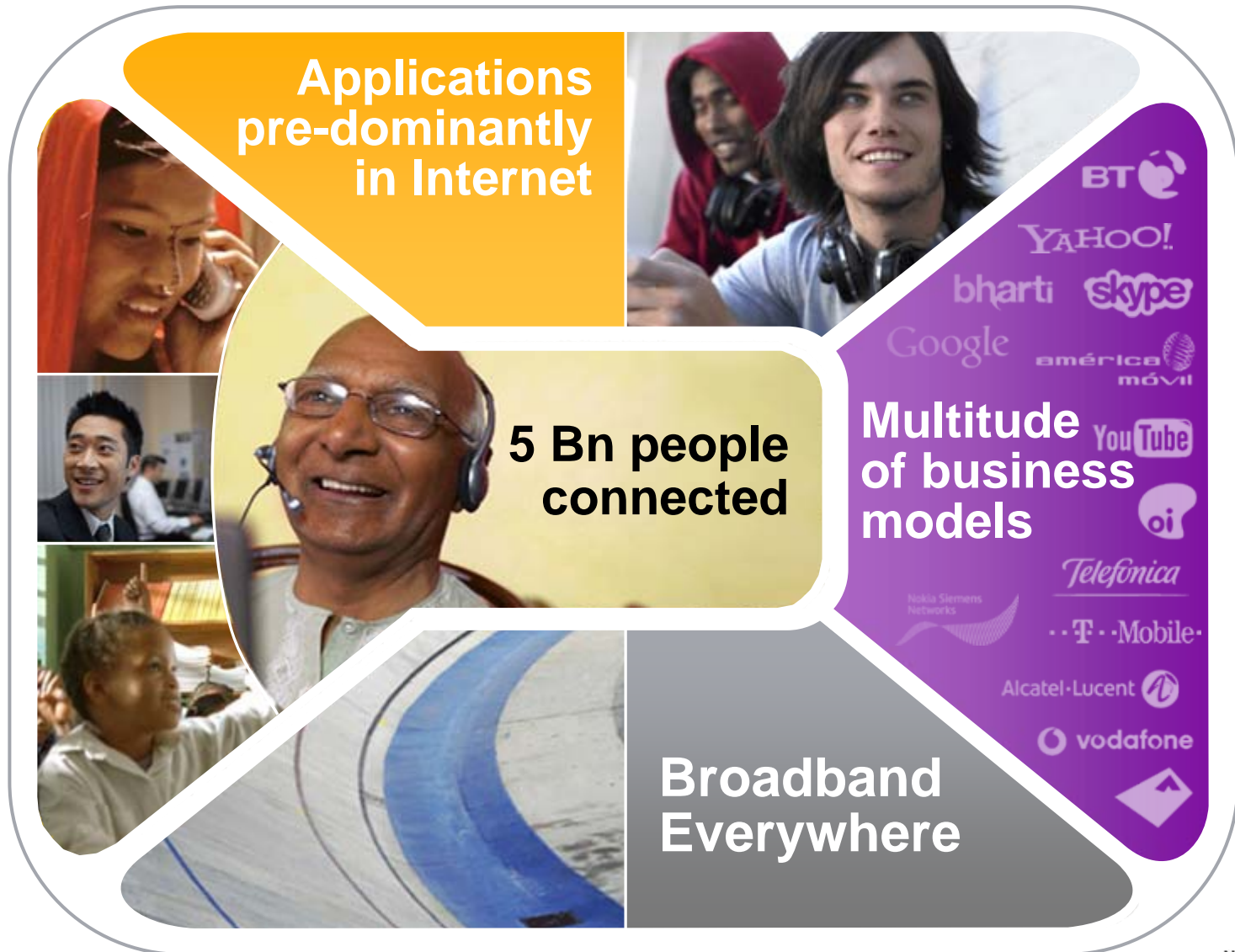
Technology fragmentation

Regional fragmentation

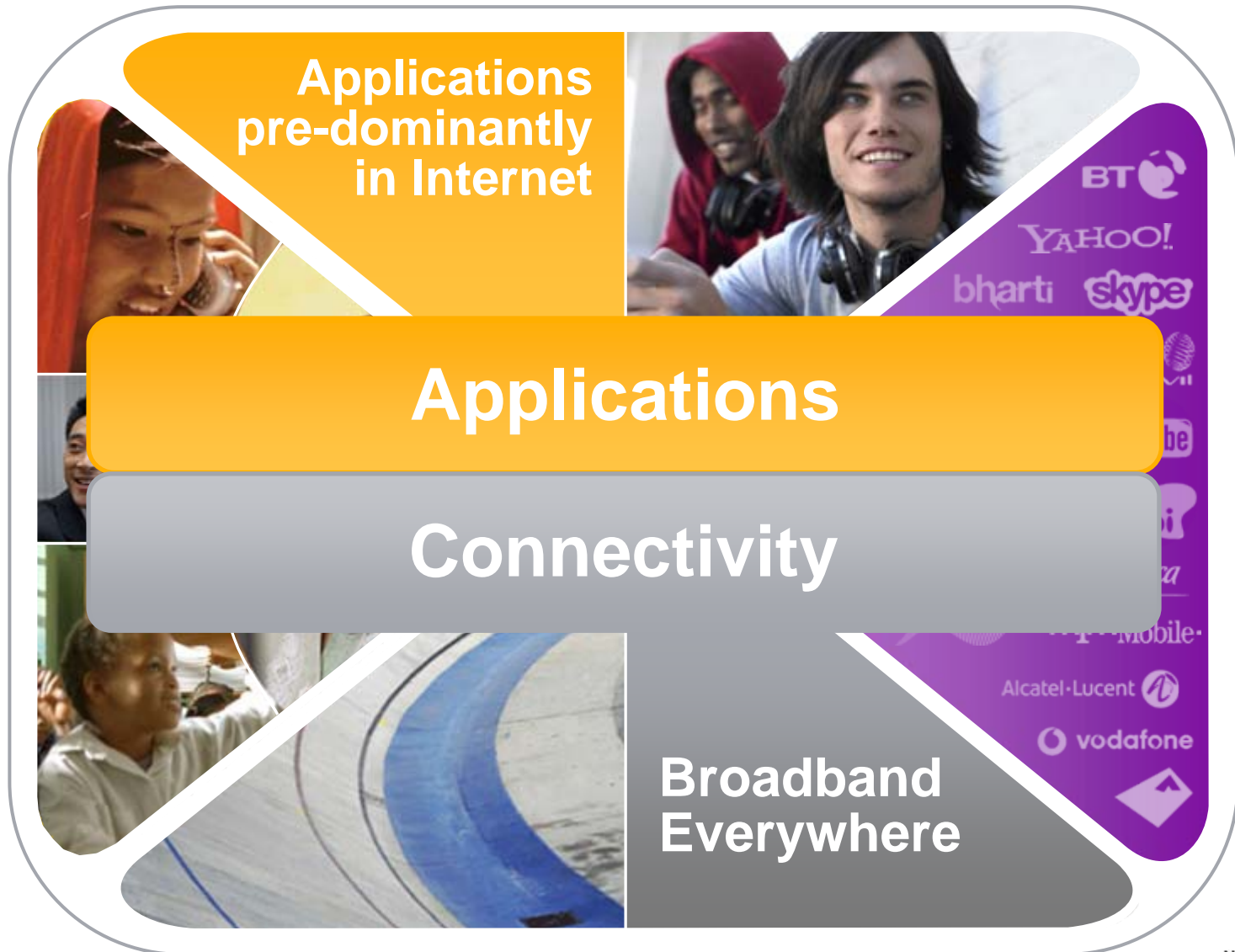
Massive cost pressure



# Our market vision of 2015 – the World connected...



# Two opportunities for operators



“We have been pleased by the capabilities of the Nokia Siemens Networks’ [IMS] platform and are happy to take this step in the evolution of our network together with Nokia Siemens Networks.”

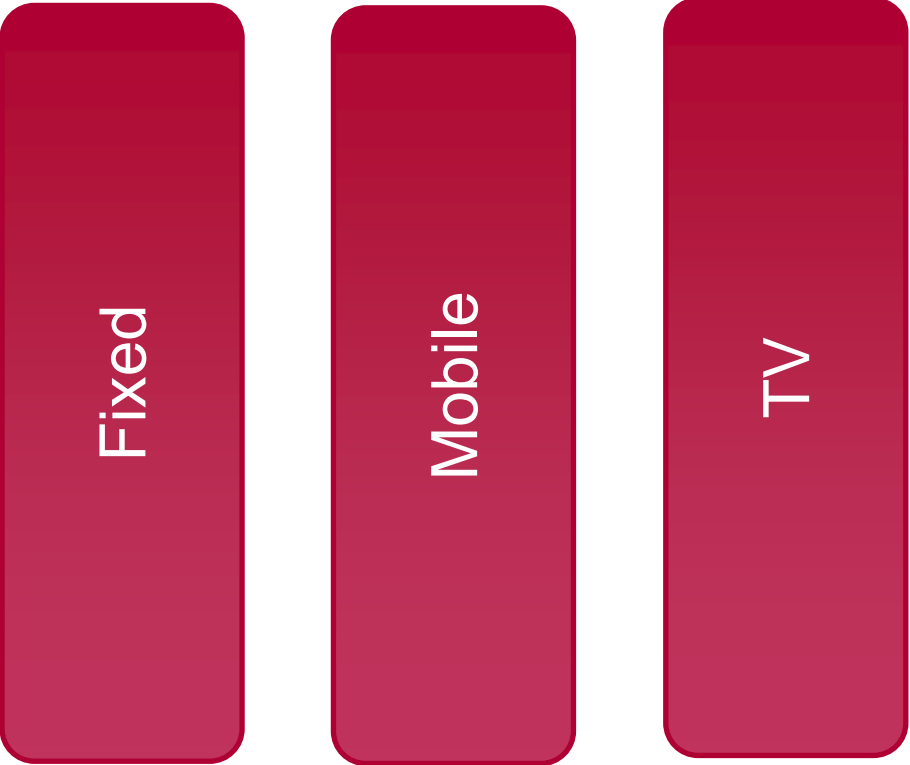
Ove Alm, CTO of TeliaSonera  
Broadband Services

## Capturing opportunity

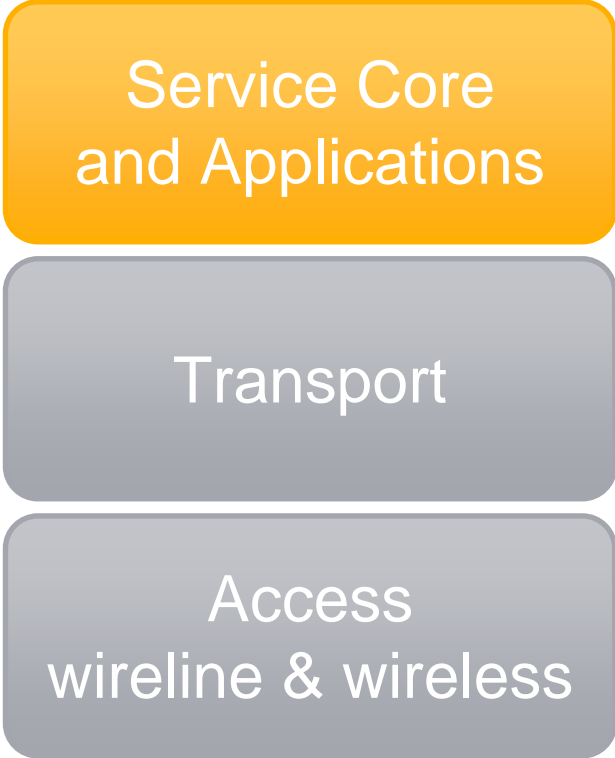
From complexity to  
simplicity

# Our vision: a simple, converged architecture

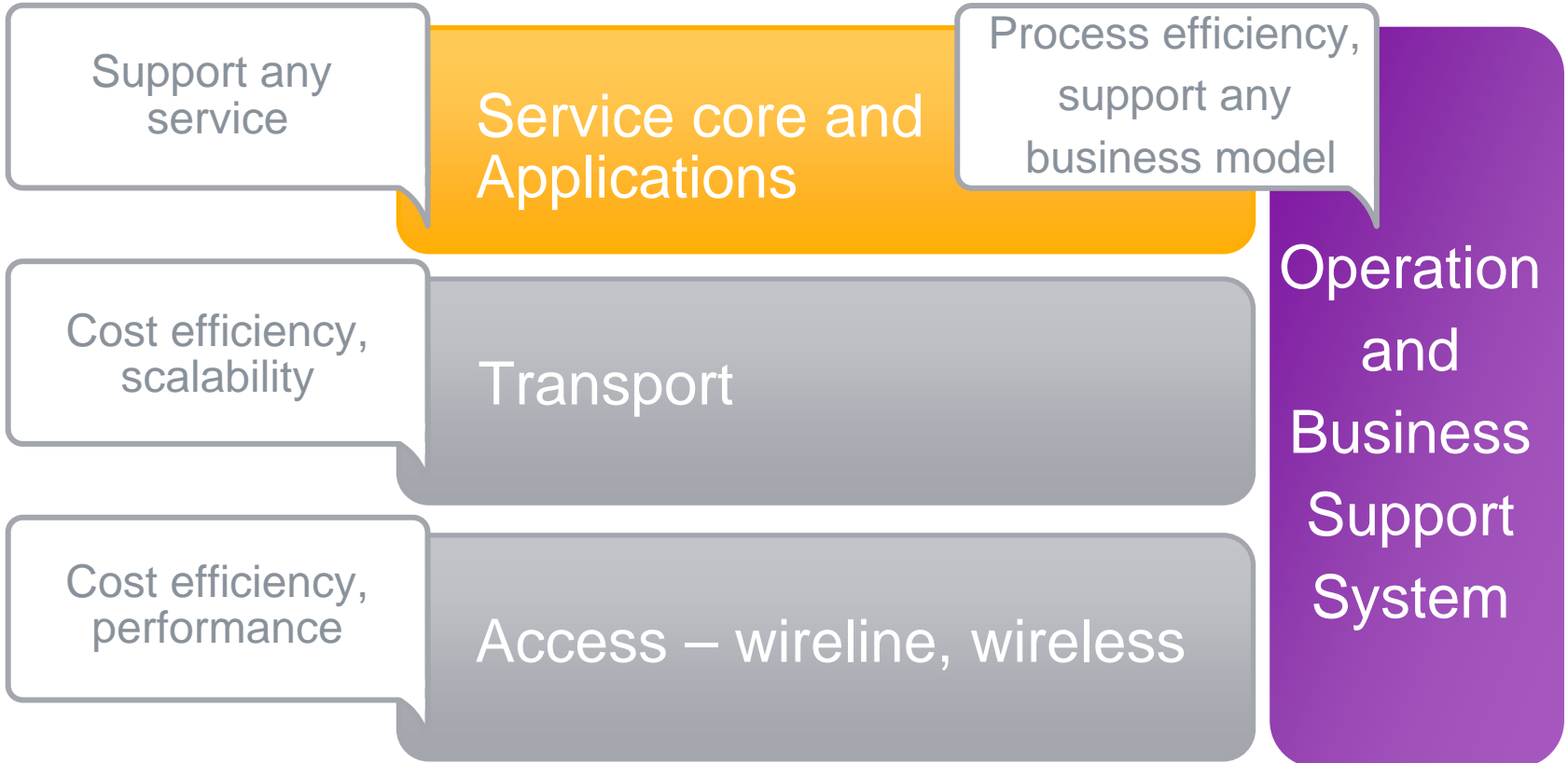
From separate vertical networks...



to a converged layered network



# Key requirements



# Our approach – simplicity

Embrace Internet  
Common identity  
management and  
session control

Service core and  
Applications

Common framework  
for charging,  
service & network  
management

Simple architecture  
Ethernet everywhere,  
IP where needed

Transport

Flat access architecture  
Next generation DSL and  
optical access (PON)

Access – wireline, wireless

Operation  
and  
Business  
Support  
System



“We need a technology that is robust, flexible and reliable. We have tested GE-PON technology since the year 2006 and have now selected this technology to be the last mile solution...”

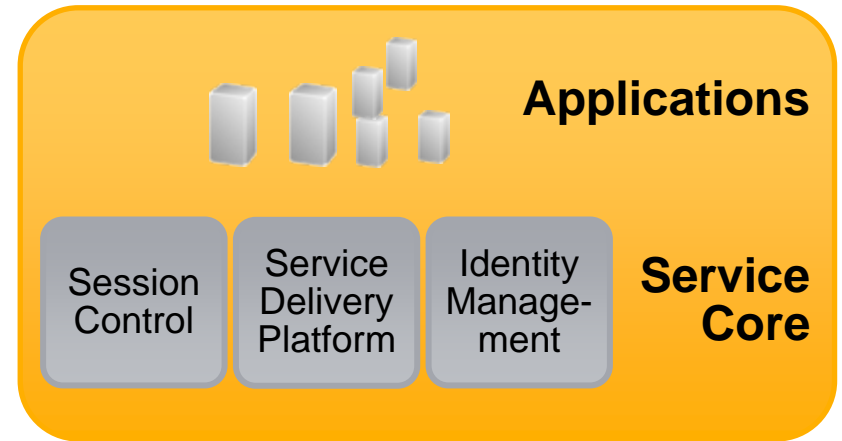
Adi Kusma, President Director of Biznet

## Our portfolio

For fixed & mobile networks

# Nokia Siemens Networks' portfolio for the **Applications** opportunity

- **Mainline & Internet applications**  
Messaging, VoIP, IPTV, Music, Gaming, Navigation...
- **Common Service Core**  
NGN & IMS Session Control, SDP, Identity Mgmt
- **Common OBS and OSS framework**  
Convergent charging & care, service management
- **Managed services**  
e.g. hosting of white label services



## Focus on 'Embrace Internet' and Solutions

- From walled garden to open business systems
- Industry leading Service Delivery Framework
- Unique consulting and systems integration capability

# Key strategies for network simplicity

Embracing internet

Applications pre-dominantly in Internet



Complete solutions

Multitude of business models



5 Bn people connected



Lowest cost

Broadband Everywhere

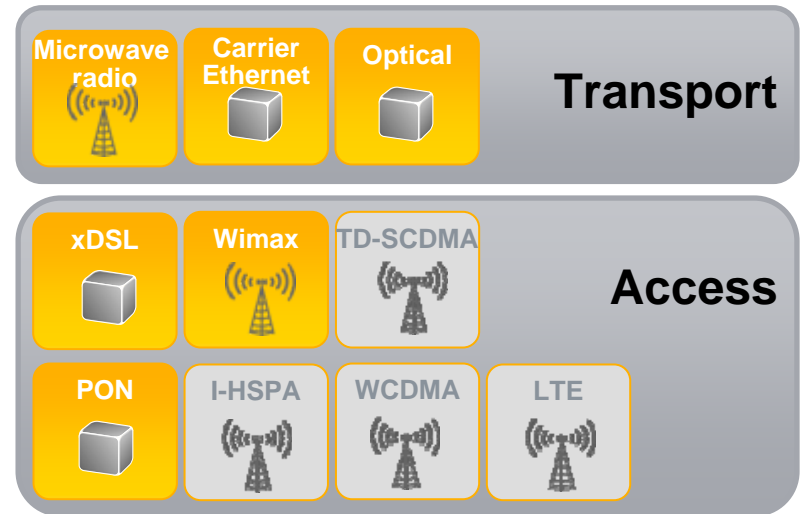
Broadband everywhere



# Nokia Siemens Networks' Broadband Connectivity

## A wide portfolio of end-to-end broadband solutions

- Common transport & aggregation for fixed & mobile  
Carrier Ethernet, optical (DWDM), microwave radio
- Broadband access  
VDSL, GPON and Wimax
- Fast roll-out services  
Build-Operate-Transfer, etc



## Focus on OPEX and CAPEX savings

- Flat architectures for decreased complexity of broadband networks
- Operational performance improvement with care and managed services
- Unified network and service management

# Nokia Siemens Networks

