

Nokia Conference Call

Fourth Quarter 2008 and Full Year 2008 Financial Results



January 22, 2009
15.00 Helsinki time
8.00 New York time

Olli-Pekka Kallasvuo President & CEO

Rick Simonson Executive Vice President & CFO

Kristian Pullola Vice President, Head of Treasury and Investor Relations

NOKIA
Connecting People

Disclaimer

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding: A) the timing of product, services and solution deliveries; B) our ability to develop, implement and commercialize new products, services, solutions and technologies; C) expectations regarding market growth, developments and structural changes; D) expectations regarding our mobile device volume growth, market share, prices and margins; E) expectations and targets for our results of operations; F) the outcome of pending and threatened litigation; G) expectations regarding the successful completion of contemplated acquisitions on a timely basis and our ability to achieve the set targets upon the completion of such acquisitions; and H) statements preceded by "believe," "expect," "anticipate," "foresee," "target," "estimate," "designed," "plans," "will" or similar expressions are forward-looking statements. These statements are based on management's best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors that could cause these differences include, but are not limited to: 1) the deteriorating global economic conditions and the related financial crisis and their impacts on us, our customers, suppliers, and collaborative partners; 2) competitiveness of our product, service and solutions portfolio; 3) the extent of the growth of the mobile communications industry; 4) the growth and profitability of the new market segments that we target and our ability to successfully develop or acquire and market products, services and solutions in those segments; 5) our ability to successfully manage costs; 6) the intensity of competition in the mobile communications industry and our ability to maintain or improve our market position or respond successfully to changes in the competitive landscape; 7) the impact of changes in technology and our ability to develop or otherwise acquire complex technologies as required by the market, with full rights needed to use; 8) timely and successful commercialization of complex technologies as new advanced products, services and solutions; 9) our ability to protect the complex technologies, which we or others develop or that we license, from claims that we have infringed third parties' intellectual property rights, as well as our unrestricted use on commercially acceptable terms of certain technologies in our products, services and solution offerings; 10) our ability to protect numerous Nokia and Nokia Siemens Networks patented, standardized or proprietary technologies from third-party infringement or actions to invalidate the intellectual property rights of these technologies; 11) Nokia Siemens Networks' ability to achieve the expected benefits and synergies from its formation to the extent and within the time period anticipated and to successfully integrate its operations, personnel and supporting activities; 12) whether, as a result of investigations into alleged violations of law by some current or former employees of Siemens AG ("Siemens"), government authorities or others take further actions against Siemens and/or its employees that may involve and affect the carrier-related assets and employees transferred by Siemens to Nokia Siemens Networks, or there may be undetected additional violations that may have occurred prior to the transfer, or ongoing violations that may have occurred after the transfer, of such assets and employees that could result in additional actions by government authorities; 13) any impairment of Nokia Siemens Networks customer relationships resulting from the ongoing government investigations involving the Siemens carrier-related operations transferred to Nokia Siemens Networks; 14) occurrence of any actual or even alleged defects or other quality issues in our products, services and solutions; 15) our ability to manage efficiently our manufacturing and logistics, as well as to ensure the quality, safety, security and timely delivery of our products, services and solutions; 16) inventory management risks resulting from shifts in market demand; 17) our ability to source sufficient amounts of fully functional components and sub-assemblies without interruption and at acceptable prices; 18) any disruption to information technology systems and networks that our operations rely on; 19) developments under large, multi-year contracts or in relation to major customers; 20) economic or political turmoil in emerging market countries where we do business; 21) our success in collaboration arrangements relating to development of technologies or new products, services and solutions; 22) the success, financial condition and performance of our collaboration partners, suppliers and customers; 23) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the Chinese yuan, the UK pound sterling and the Japanese yen, as well as certain other currencies; 24) the management of our customer financing exposure; 25) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices and lawsuits related to them, regardless of merit; 26) unfavorable outcome of litigations; 27) our ability to recruit, retain and develop appropriately skilled employees; 28) the impact of changes in government policies, laws or regulations; and 29) our ability to effectively and smoothly implement our new organizational structure; as well as the risk factors specified on pages 10-25 of Nokia's annual report on Form 20-F for the year ended December 31, 2007 under "Item 3.D Risk Factors." Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Nokia does not undertake any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Nokia Q408 Review

Global economic deterioration

- The overall global macro economic environment deteriorated, negatively impacting Nokia and industry sales

Solid cash flow

- Nokia cash flow was EUR 1.4 billion excluding the lump-sum payment related to the Qualcomm agreement

Strategy remains valid and intact

- Nokia's longer term strategy remains valid and intact
- Nokia continues to invest at the proper pace for future growth

Nokia is reducing costs

- Nokia is taking action to further reduce costs

Estimated Global Device Market

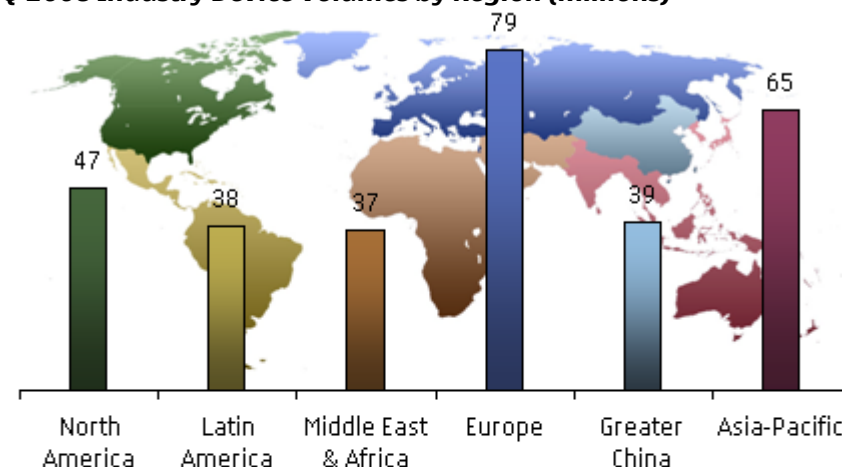
Industry mobile device volumes in 4Q 2008 estimated to be 305 million, down 2% QoQ and down 9% YoY.

Industry Volume by Region (millions)	4Q08	3Q08	QoQ	4Q07	YoY
North America	47	46	2%	50	-6%
Latin America	38	34	12%	42	-10%
Middle East & Africa	37	39	-5%	36	3%
Europe	79	71	11%	89	-11%
Greater China	39	49	-20%	48	-19%
Asia-Pacific	65	72	-10%	72	-10%
Total	305	310	-2%	336	-9%

GSM	198	206	0%	232	2%
CDMA	42	41	2%	48	-13%
W-CDMA	63	61	13%	52	50%
Other	2	2		4	
Total	305	310	-2%	336	-9%

Industry Volume by Technology (millions)	4Q08	3Q08	QoQ	4Q07	YoY
--	------	------	-----	------	-----

4Q 2008 Industry Device Volumes by Region (millions)



4Q 2008 Industry Device Volumes by Technology (millions)



Select Key Products



**Nokia
N79**



**Nokia
N85**



**Nokia
N96**



**Nokia
5800 XpressMusic**



**Nokia
E71**



**Nokia
E51**



**Nokia
E66**



**Nokia
1208**



New

**Nokia
1661**



**Nokia
3600 slide**



New

**Nokia
5130 XpressMusic**



**Nokia
5310 XpressMusic**



New

**Nokia
6260 slide**



**Nokia
6300**



**Nokia
6600 fold**

Services and Software in 4Q08: Highlights

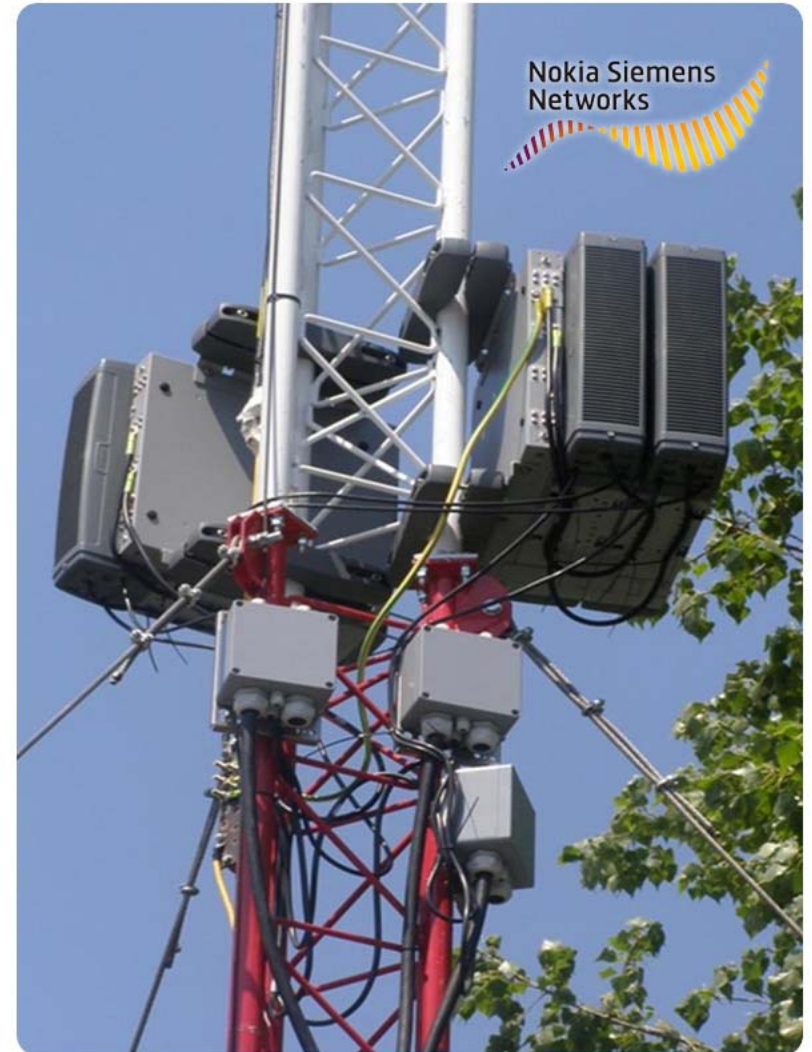
- Net sales of EUR 158 million (up 37% QoQ)
- Over 5.5 million Nokia Maps licenses through product combos (up ~15% QoQ)
- Comes With Music available in UK. Expect to launch in Australia and Singapore in 1Q 2009.
- Launched Nokia Mail and Mail on Ovi.



Nokia Maps 3.0 on Nokia N96

Nokia Siemens Networks

- Net sales of EUR 4.3 billion (down from EUR 4.6 billion in 4Q 2007)
- Non-IFRS gross margin of 30.4% (flat YoY)
- Non-IFRS operating margin of 5.2% (up from 4.2% in 4Q 2007)
- NSN achieved substantially all of the EUR 2.0 billion of targeted annual cost synergies by the end of 2008



Taking action in the current environment

**Nokia will
adjust costs**

- Nokia will continue to adjust its cost structure through 2009 and 2010

**D&S OPEX
target set**

- Nokia targets to exit 2010 with a Devices & Services annualized non-IFRS operating expense run rate of lower than EUR 6.0 billion

**Target areas
for cost
reduction
identified**

- The targeted reductions will encompass the following areas:
 - R&D: sharpen focus on portfolio pruning and prioritization
 - Invest in services at a slower pace and in an increasingly focused way
 - Sales and marketing: cut some product program spending and leverage theme-based marketing to a greater extent
 - General and administrative: target a 10% expense reduction for the first half

Nokia Profit & Loss Account in 4Q2008: Highlights

- Nokia non-IFRS gross margin was 33.6% (down 210 bps QoQ)
- Devices & Services net sales of EUR 8.1 billion (down 5% QoQ)
- Devices & Services gross margin of 33.8% (down 270 bps QoQ)
- Devices & Services non-IFRS operating margin of 12.1% (down 650 bps QoQ)
- Services and software net sales were EUR 158 million (up 37% QoQ)
- Nokia device ASP was EUR 71 (down from EUR 72 in 3Q08)
- NAVTEQ reported net sales of EUR 205 million (up from EUR 156 in 3Q08)
- NAVTEQ non-IFRS operating margin of 25.7% (18.5% in 3Q08)
- Nokia Siemens Networks net sales of EUR 4.3 billion (up 24% QoQ)
- Nokia Siemens Networks non-IFRS gross margin of 30.4% (down 80 bps QoQ)
- Nokia Siemens Networks non-IFRS operating margin of 5.2% (up 10 bps QoQ)

Nokia Financial Income and Expenses

- Financial Income & Expenses in 4Q2008 was an expense of EUR 16 million (expense of EUR 57 million in 3Q2008)
- The sequential improvement is a result of lower hedging costs and lower foreign exchange losses

Reported vs. non-IFRS: 4Q08

EUR (million)	Devices & Services	NAVTEQ	Nokia Siemens Networks	Reported Nokia 4Q08	Non-IFRS Devices & Services	Non-IFRS NAVTEQ	Non-IFRS Nokia Siemens Networks	Non-IFRS Nokia 4Q08
Net sales	8 141	205	4 338	12 662	8 141	206	4 340	12 665
<i>YoY growth</i>	-27%		-5%	-19%	-27%		-6%	-19%
Gross profit	2 751	180	1 132	4 063	2 751	181	1 318	4 250
<i>Gross margin, %</i>	33.8%	87.8%	26.1%	32.1%	33.8%	87.9%	30.4%	33.6%
R&D	-901	-174	-654	-1 731	-748	-84	-566	-1 400
<i>% of net sales</i>	11.1%	84.9%	15.1%	13.7%	9.2%	40.8%	13.0%	11.1%
S&M	-837	-59	-390	-1 287	-825	-29	-330	-1 185
<i>% of net sales</i>	10.3%	28.8%	9.0%	10.2%	10.1%	14.1%	7.6%	9.4%
AG&O	-247	-20	-267	-553	-195	-15	-197	-426
<i>% of net sales</i>	3.0%	9.8%	6.2%	4.4%	2.4%	7.3%	4.5%	3.4%
Operating profit	766	-73	-179	492	983	53	225	1 239
<i>Operating margin, %</i>	9.4%	-35.6%	-4.1%	3.9%	12.1%	25.7%	5.2%	9.8%
Financial income and expenses				-16				-16
Profit before tax and minority interests				476				1 223
Net profit				576				958
EPS, Basic (EUR)				0.16				0.26
EPS, Diluted (EUR)				0.15				0.26

A reconciliation of the non-IFRS results to our reported results for Q4 2008 and Q4 2007 as well as for full year 2008 and 2007 can be found in the tables on pages 11-16 and 25-30 of our Q4 and Full Year 2008 Report of January 22, 2009.

Balance Sheet & Cash Flow Metrics

EUR (million)	4Q 2008	4Q 2007	YoY	3Q 2008	QoQ
Inventories	2 533	2 876	-12%	3 246	-22%
Accounts Receivable	9 444	11 200	-16%	10 772	-12%
Accounts Payable	5 225	7 074	-26%	6 369	-18%
Operating Cash Flow	-299	2 715		1 284	
Capital Expenditure	224	123	82%	262	-15%
Depreciation	446	280	59%	490	-9%
Cash and Other liquid assets	6 820	11 753	-45%	7 232	-6%
Gearing (Net-Debt ratio)	-14%	-62%		-18%	
Distributions	0	950		250	
Dividends					
Buybacks	0	950		250	

Currency

- 4Q08 EUR/USD average rate for P&L: 1.339
- 1Q09 EUR/USD Plan rate: 1.316

NOKIA FOURTH QUARTER 2008 NET SALES Reported & Constant Currency ^{1, 2}		
	Q4/2008 vs. Q4/2007 Change	Q4/2008 vs. Q3/2008 Change
Group net sales – reported	-19%	3%
<i>Group net sales - constant currency¹</i>	-18%	1%
Devices & Services net sales – reported	-27%	-5%
<i>Devices & Services net sales - constant currency¹</i>	-25%	-8%
Nokia Siemens Networks net sales – reported	-5%	24%
<i>Nokia Siemens Networks net sales - constant currency¹</i>	-4%	23%

Note 1: Change in net sales at constant currency excludes the impact of changes in exchange rates in comparison to the Euro, our reporting currency.

Moving Forward





NOKIA