

# Nokia Conference Call Second Quarter 2008 Financial Results

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**NOKIA**  
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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) competitiveness of our product, service and solutions portfolio; 2) the extent of the growth of the mobile communications industry and general economic conditions globally; 3) 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; 4) our ability to successfully manage costs; 5) 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; 6) 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; 7) timely and successful commercialization of complex technologies as new advanced products, services and solutions; 8) 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; 9) 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; 10) 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; 11) 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; 12) 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; 13) occurrence of any actual or even alleged defects or other quality issues in our products, services and solutions; 14) 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; 15) inventory management risks resulting from shifts in market demand; 16) our ability to source sufficient amounts of fully functional components and sub-assemblies without interruption and at acceptable prices; 17) any disruption to information technology systems and networks that our operations rely on; 18) developments under large, multi-year contracts or in relation to major customers; 19) economic or political turmoil in emerging market countries where we do business; 20) our success in collaboration arrangements relating to development of technologies or new products, services and solutions; 21) the success, financial condition and performance of our collaboration partners, suppliers and customers; 22) 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; 23) the management of our customer financing exposure; 24) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices and lawsuits related to them, regardless of merit; 25) unfavorable outcome of litigations; 26) our ability to recruit, retain and develop appropriately skilled employees; 27) the impact of changes in government policies, laws or regulations; and 28) 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 2Q08 Highlights

- Net sales of EUR 13.2 billion (up 11% YoY at constant currency)
- Nokia device market share at 40%\* (up 2 points YoY)
- Nokia device operating margin of 20.1% (excluding special items; up from 19.4% in 2Q 2007 )
- Services and software business had EUR 119 million net sales in 2Q 2008



*\* Based on Nokia's preliminary market estimates*

# Estimated Global Device Market

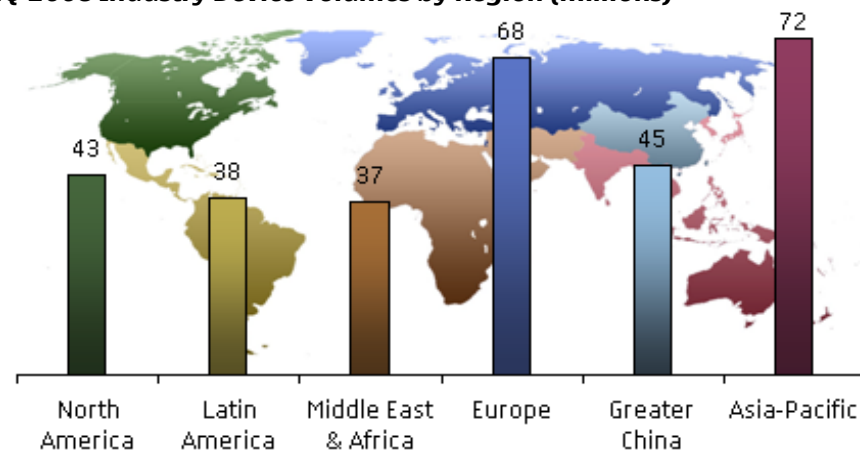
Nokia now expects industry mobile device volumes in 2008 to grow by 10% or more from the approximately 1.14 billion units Nokia estimated for 2007.

Industry Volume by Region (millions)	2Q08	1Q08	QoQ	2Q07	YoY
North America	43	42	3%	40	6%
Latin America	38	29	30%	34	12%
Middle East & Africa	37	37	1%	29	28%
Europe	68	68	0%	63	8%
Greater China	45	50	-9%	39	17%
Asia-Pacific	72	70	3%	58	25%
<b>Total</b>	<b>303</b>	<b>295</b>	<b>3%</b>	<b>262</b>	<b>15%</b>

GSM	206	202	2%	183	12%
CDMA	42	43	-2%	42	0%
W-CDMA	52	47	10%	34	51%
Other	3	3		3	
<b>Total</b>	<b>303</b>	<b>295</b>	<b>3%</b>	<b>262</b>	<b>15%</b>

Industry Volume by Technology (millions)	2Q08	1Q08	QoQ	2Q07	YoY
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2Q 2008 Industry Device Volumes by Region (millions)



2Q 2008 Industry Device Volumes by Technology (millions)





# Key Devices in 2Q08



**Nokia  
1208**



**Nokia 5310  
XpressMusic**



**Nokia  
6300**



**Nokia  
N95 8GB**



**Nokia  
1200**



**Nokia  
1650**



**Nokia  
2630**



**Nokia 5610  
XpressMusic**



**Nokia  
6500 slide**



**Nokia  
6500 classic**



**Nokia  
E51**



**Nokia  
E65**

# New products during 2H 2008



**Nokia N96**



**Nokia E66**



**Nokia E71**



**Nokia 6600 fold**



**Nokia 6600 slide**



**Nokia 6650**



**Nokia 7070 Prism**



**Nokia 7210 Supernova**



**Nokia 7310 Supernova**



**Nokia 7610 Supernova**



**Nokia 7510 Supernova**



**Nokia 1508**



**Nokia 1606**



**Nokia 1680 classic**



**Nokia 2680 slide**



**Nokia 3600 slide**



**Nokia 3606**



**Nokia 5000**



**Nokia 5220 XpressMusic**



**Nokia 5320 XpressMusic**



**Nokia 6205**



**Nokia 6212 classic**

# The Nokia E71

## E71 gets a "10 out of 10"

'It's a beautifully engineered phone, with great looks, slim build and fantastic ergonomics. It has wonderful battery life, a superb screen, effective GPS and fast mobile data. Better than all that, it's reasonably priced.'

(Source: [trustedreviews.com](http://trustedreviews.com))

	Nokia E71	Blackberry Bold
Talk Time (GSM)	10.5 hrs	5 hrs
Standby Time (WCDMA)	20 days	13 days
Thickness	10mm	14mm
Weight	127g	133g
Camera	3.2 MP	2 MP
Ovi Services Support	Yes	No

Source: Nokia and Research in Motion websites





# Nokia N96: Top Reasons to Upgrade from the N95

- Faster, visually compelling UI
- 16GB Memory (40 hours of video or 12,000 songs)
- microSD card slot supporting additional memory (up to 8GB)
- Longer music and video playback
- Improved Internet experience
- Geotagging of photos
- Improved sound
- Faster USB
- Gaming keys
- Video kickstand
- Live TV (via DVB-H)





# Mid-range devices



**Nokia 6210  
Navigator**



**Nokia  
6220 classic**



**Nokia  
6600 slide**



**Nokia  
6600 fold**



**Nokia  
3120 classic**



**Nokia  
3600 slide**



**Nokia 5320  
XpressMusic**



**Nokia  
6212 classic**



**Nokia  
6650**



**Nokia 7610  
Supernova**



**Nokia 7510  
Supernova**

# Nokia Strengths in Entry

- Best entry product range
- Leading brand
- Lowest cost
- Most efficient supply chain
- Widest distribution
- Highest quality



**Nokia  
5000**

**Nokia  
7070 Prism**



**Nokia  
1209**



**Nokia  
1606**



**Nokia  
1680**



**Nokia  
2600 classic**

**Nokia  
2630**



**Nokia  
2680 slide**

# Nokia services in 2Q 2008



Games



Music



Video & TV



Contacts



Maps



Photos



Internet

## Games



N-Gage sales in over 100 countries.

The N-Gage application soon available for additional devices, including the Nokia XpressMusic 5320, Nokia N78, Nokia N96, and Nokia N73.

## Music



Nokia Comes With Music announced support by Universal, Sony BMG, and Warner Music.

Nokia On-line Music Stores totaled 10 at the end of the quarter with more expected to open by year end.

## Maps



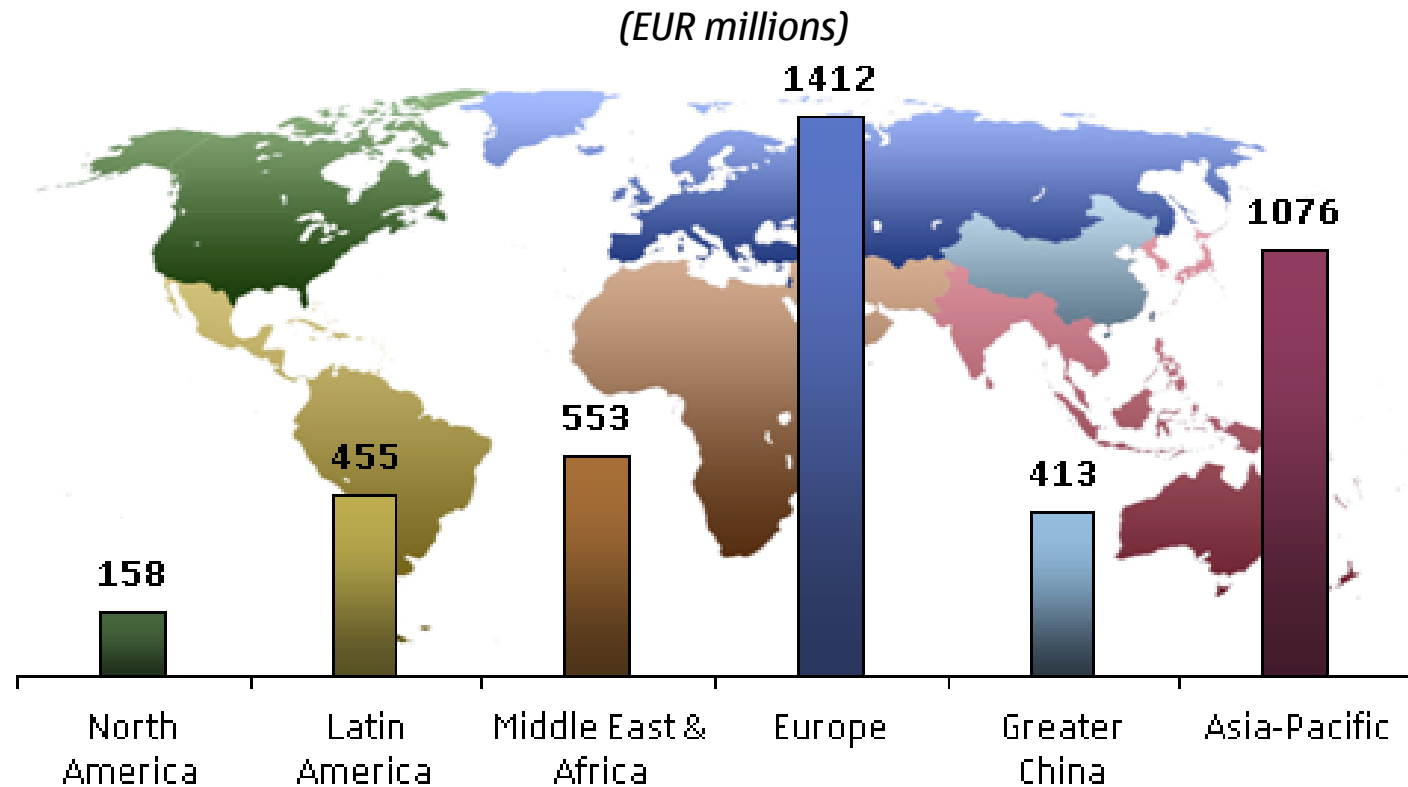
Nokia Maps 2.0 released; offers pedestrian navigation, satellite images and city guides.

Acquisition of Plazes will allow Nokia to extend its context-based service offering with social presence and time-based activity planning features.

# Nokia Siemens Networks in 2Q08: Highlights

- Net sales of EUR 4.1 billion, up 18% YoY and 20% QoQ
- Operating margin of 6.7% excluding special items and Purchase Price Accounting related items arising from the formation of Nokia Siemens Networks

**Geographic Distribution of Net Sales 2Q08**





# Nokia Profit & Loss Account

EUR (million)	Devices & Services	Nokia Siemens Networks	Nokia 2008	Nokia 2007	Change	Nokia 1Q08	Change
<b>Net sales</b>	<b>9 090</b>	<b>4 067</b>	<b>13 151</b>	<b>12 587</b>	4%	<b>12 660</b>	4%
<i>YoY growth</i>	-1%	18%	4%	28%		28%	
<b>Gross profit</b>	<b>3 278</b>	<b>1 146</b>	<b>4 424</b>	<b>3 906</b>	13%	<b>4 527</b>	-2%
<i>Gross margin, %</i>	36.1%	28.2%	33.6%	31.0%		35.8%	
<b>R&amp;D</b>	<b>-741</b>	<b>-653</b>	<b>-1 396</b>	<b>-1 713</b>	-19%	<b>-1 375</b>	2%
<i>% of net sales</i>	8.2%	16.1%	10.6%	13.6%		10.9%	
<b>S&amp;M</b>	<b>-630</b>	<b>-359</b>	<b>-990</b>	<b>-1 262</b>	-22%	<b>-1 035</b>	-4%
<i>% of net sales</i>	6.9%	8.8%	7.5%	10.0%		8.2%	
<b>AG&amp;O</b>	<b>-342</b>	<b>-181</b>	<b>-564</b>	<b>1 428</b>		<b>-586</b>	
<i>% of net sales</i>	3.8%	4.5%	4.3%	-11.3%		4.6%	
<b>Operating profit</b>	<b>1 565</b>	<b>-47</b>	<b>1 474</b>	<b>2 359</b>	-38%	<b>1 531</b>	-4%
<i>Operating margin, %</i>	17.2%	-1.2%	11.2%	18.7%		12.1%	
<b>Financial income and expenses</b>			<b>3</b>	<b>60</b>	-95%	<b>68</b>	-96%
<b>Profit before tax and minority interests</b>			<b>1 477</b>	<b>2 446</b>	-40%	<b>1 607</b>	-8%
<b>Net profit</b>			<b>1 103</b>	<b>2 828</b>	-61%	<b>1 222</b>	-10%
<b>EPS, Basic (EUR)</b>			<b>0.29</b>	<b>0.72</b>	-60%	<b>0.32</b>	-9%
<b>EPS, Diluted (EUR)</b>			<b>0.29</b>	<b>0.72</b>	-60%	<b>0.32</b>	-9%

# Nokia Siemens Networks Integration Progress

- On track to deliver against annual EUR 2 billion cost synergy target
- NSN restructuring and one-off costs in 2Q 2008 totaled EUR 201 million or a total of EUR 1.4 billion since April 1, 2007

# Special Items: 2007 and 2008

2007 (EURm)	Q1	Q2	Q3	Q4	Total
Restructuring charge (Devices & Services)	-32				-32
Charge related to restructuring of a group company (Devices & Services)	-25				-25
NSN incremental expenses	-12				-12
Restructuring charge and one-offs (Nokia Siemens Networks)		-905	-86	-119	-1110
NSN related post-acquisition carve-out expenses (Corporate common functions)		-23			-23
Gain on formation of NSN (Corporate common functions)		1879			1879
Gain on sale of real estates (Corporate common functions)		15	60		75
Gain on sale of real estates (Nokia Siemens Networks)				53	53
Gain on business transfer (Devices & Services)				53	53
<b>Total impact on operating profit</b>	<b>-69</b>	<b>966</b>	<b>-26</b>	<b>-13</b>	<b>858</b>
<b>Total impact on EPS (EUR):</b>	<b>-0.01</b>	<b>0.40</b>			<b>0.39</b>

2008 (EURm)	Q1	Q2	Q3	Q4	Total
Loss on transfer of Finnish pension liability (Corporate common functions)	-217				-217
Gain on transfer of Finnish pension liability (Nokia Siemens Networks)	65				65
Facilities impairment and other charges related to closure of Bochum site in Germany (Devices & Services)	-81	-259			-340
Restructuring charge and one-offs (Nokia Siemens Networks)	-100	-201			-301
<b>Total impact on operating profit</b>	<b>-333</b>	<b>-460</b>			<b>-793</b>
<b>Total impact on EPS (EUR):</b>	<b>-0.06</b>	<b>-0.07</b>			<b>-0.13</b>

- Q2 2008: EUR 259 million charges related to closure of the Bochum site in Germany (impacting Devices & Services operating profit)
- Q2 2008: EUR 201 million restructuring charge and other one time items (impacting Nokia Siemens Networks operating profit)
- Q2 2008: Excluding the net impact of these special items, diluted EPS was EUR 0.36
- Q2 2008: EPS excluding special items, intangible asset amortization, other purchase price accounting related items arising from the formation of Nokia Siemens Networks was EUR 0.37

# Balance Sheet & Cash Flow Metrics

EUR (million)	2Q 2008	2Q 2007	YoY	1Q 2008	QoQ
<b>Inventories</b>	2 763	2 661	4%	2 793	-1%
<b>Accounts Receivable</b>	11 084	8 609	29%	10 440	6%
<b>Accounts Payable</b>	5 914	5 777	2%	5 589	6%
<b>Operating Cash Flow</b>	1 455	1 537	-5%	757	92%
<b>Capital Expenditure</b>	224	221	1%	179	25%
<b>Depreciation</b>	334	386	-13%	347	-4%
<b>Cash and Other liquid assets</b>	7 981	8 307	-4%	10 366	-23%
<b>Gearing (Net-Debt ratio)</b>	-46%	-51%		-53%	
<b>Distributions</b>	3 498	2 719		1 374	
Dividends	1 999	1 722			
Buybacks	1 499	997	50%	1 374	9%



# Share Buybacks in 2Q 2008

- In 2Q 2008, Nokia repurchased a total of 84 million shares worth EUR 1.5 billion.
- Under the current mandate, Nokia repurchased 56.8 million shares worth EUR 1 billion.
- Since Nokia's Annual General Meeting in May, Nokia has used EUR 1 billion of the EUR 4 billion mandate to buy back stock

# Currency & Nokia Device Average Selling Price

- Nokia 2Q 2008 Reported YoY Net Sales Growth: 4%
- Nokia 2Q 2008 Constant Currency YoY Net Sales Growth: 11%
- 2Q08 EUR/USD average rate for P&L: 1.571
- 3Q08 EUR/USD Plan rate: 1.542

NOKIA SECOND QUARTER 2008 NET SALES Reported & Constant Currency <sup>1</sup>		
	Q2/2008 vs. Q2/2007 Change	Q2/2008 vs. Q1/2008 Change
Group net sales – reported <i>Group net sales - constant currency<sup>1</sup></i>	4% 11%	4% 7%
Devices & Services net sales - reported <i>Devices &amp; Services net sales - constant currency<sup>1</sup></i>	-1% 6%	-2% 1%
Nokia Siemens Networks net sales - reported <i>Nokia Siemens Networks net sales - constant currency<sup>1</sup></i>	18% 26%	20% 23%

Note 1 to table relating to net sales figures at constant currency:

Changes in net sales at constant currency excludes the impact of changes in exchange rates in comparison to the Euro, our reporting currency

## Nokia Device Average Selling Price (ASP)

EUR	2Q08	1Q08	QoQ	2Q07	YoY
ASP	74	79	-6%	90	-18%

Approximately 30% of the year on year decline and approximately 40% of the sequential decline in ASP was caused by the impact of changes in exchange rates.

# NAVTEQ acquisition

- Acquisition was funded using half cash and half debt.
- Nokia expects NAVTEQ to be slightly dilutive to EPS in 2008 and approximately neutral in 2009 and accretive thereafter, excluding purchase price accounting related items arising from the NAVTEQ acquisition. On a reported basis, Nokia expects NAVTEQ to be slightly dilutive to EPS in 2008, 2009 and 2010, and accretive thereafter.
- Nokia currently expects to recognize approximately EUR 2 billion of intangibles related primarily to the navigable map database and customer relationships. We expect these intangibles to be amortized over approximately five years.
- Net of deferred taxes, Nokia expects the impact on its Consolidated Profit and Loss Account of the purchase price accounting related items arising from the NAVTEQ acquisition to be approximately EUR 250 million on an annual basis.
- NAVTEQ will be a reportable segment starting 3Q 2008.



**NOKIA**



# Estimates for Market and Nokia

## 3Q08 Outlook

- Mobile device market volumes: up sequentially
- Nokia mobile device market share: at approximately same level sequentially

## 2008 Outlook

- Mobile device market: 10% or more volume growth (from estimated 1.14 billion units in 2007)
- Nokia device market share: target to increase market share
- Infrastructure market (mobile, fixed and related services): flat compared to 2007 (Euros)
- Target Nokia Siemens Networks' market share to remain constant compared to 2007



**Nokia E66**

# Nokia Siemens Networks 2Q 2008 Profit & Loss Account

EUR (million)	Nokia Siemens Networks *
<b>Net sales</b>	<b>4 067</b>
<i>YoY growth</i>	<i>18%</i>
<b>Gross profit</b>	<b>1 146</b>
<i>Gross margin, %</i>	<i>28.2%</i>
<b>R&amp;D</b>	<b>-653</b>
<i>% of net sales</i>	<i>16.1%</i>
<b>S&amp;M</b>	<b>-359</b>
<i>% of net sales</i>	<i>8.8%</i>
<b>AG&amp;O</b>	<b>-181</b>
<i>% of net sales</i>	<i>4.5%</i>
<b>Operating profit</b>	<b>-47</b>
<i>Operating margin, %</i>	<i>-1.2%</i>

\* Reported figures

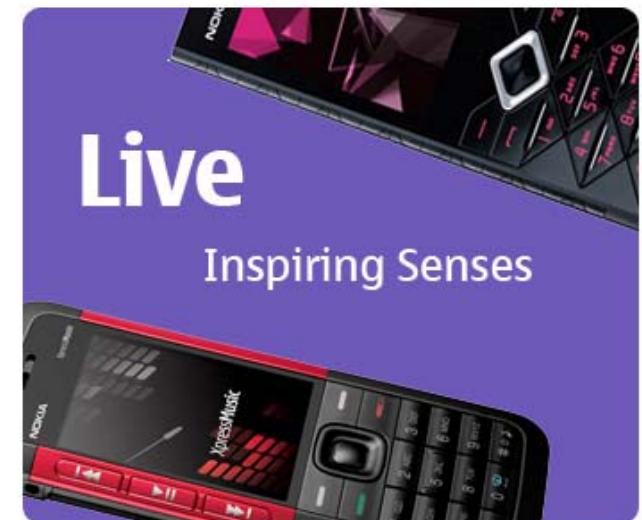
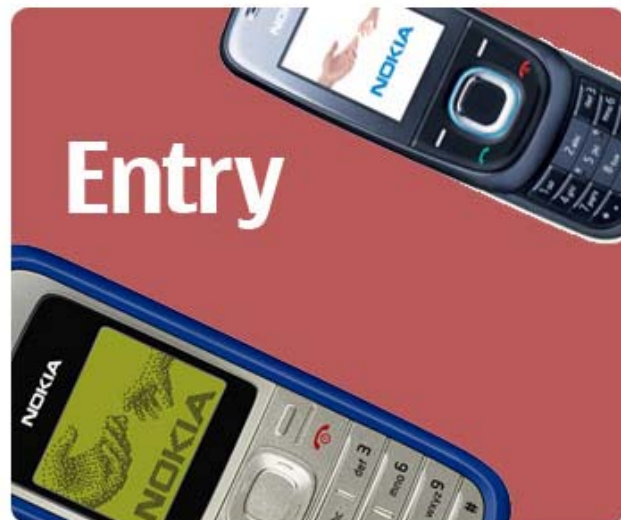
Operating margin was 6.7%, excluding special items and items associated with Purchase Price Accounting (PPA) arising from the formation of Nokia Siemens Networks.

Restructuring charges & other one-time costs totaling EUR 201 million

- CoS - EUR 132 million
- AG&O - EUR 45 million in Administrative, General and Other expenses; EUR 24 million in Other income and expenses.

EUR 120 million of intangible asset amortization and other Purchase Price Accounting related items arising from the formation of Nokia Siemens Networks

# Nokia Device Categories





# Potential Ongoing Factors Impacting Device Gross Margin & ASP

## Potential Positive Drivers of Device Gross Margin

- Improving product portfolio in mid and higher end; strong performance in entry-level
- Growth of value add segments (e.g. WCDMA, smart phones, multimedia, enterprise, etc.)
- Continuing cost control

## Potential Positive Drivers of ASP

- Continuously improving product portfolio
- Growth of value add segments (e.g. WCDMA, smart phones, multimedia, enterprise, etc.)

## Potential Negative Drivers of Device Gross Margin

- Competitive factors in general
- Need to have an ever more competitive product portfolio

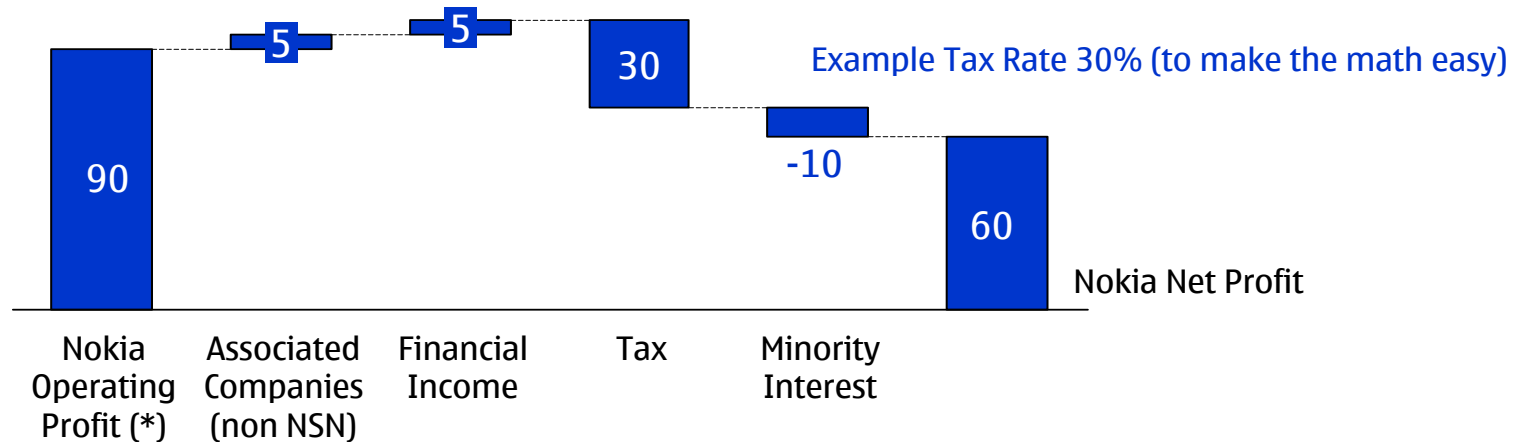
## Potential Negative Drivers of ASP

- Competitive factors in general
- Shift in market to higher growth emerging markets



# Nokia Siemens Networks Accounting Mechanics

## Theoretical example with Nokia Profit Before Taxes of 100, excluding special items



## Theoretical example, reported including special items

