Executing strategy in a changing landscape

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Agenda

Capital Market Days

Networks strategic framework

Market developments 2004 - 2005

Main drivers in the mobile infrastructure business today

Networks business and growth focus

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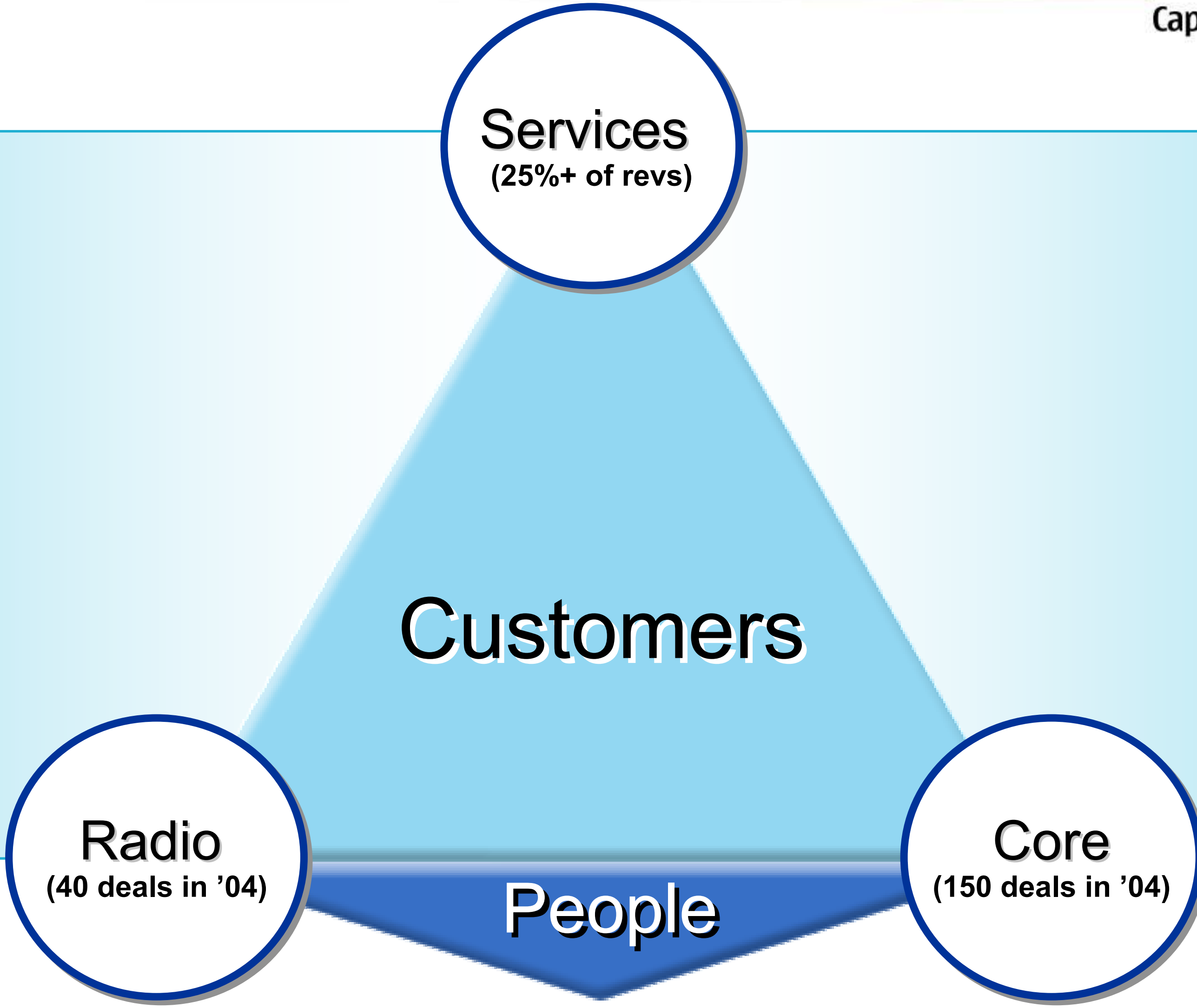
Networks strategic framework



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About 10% mobile infrastructure market growth in 2004 (EUR)

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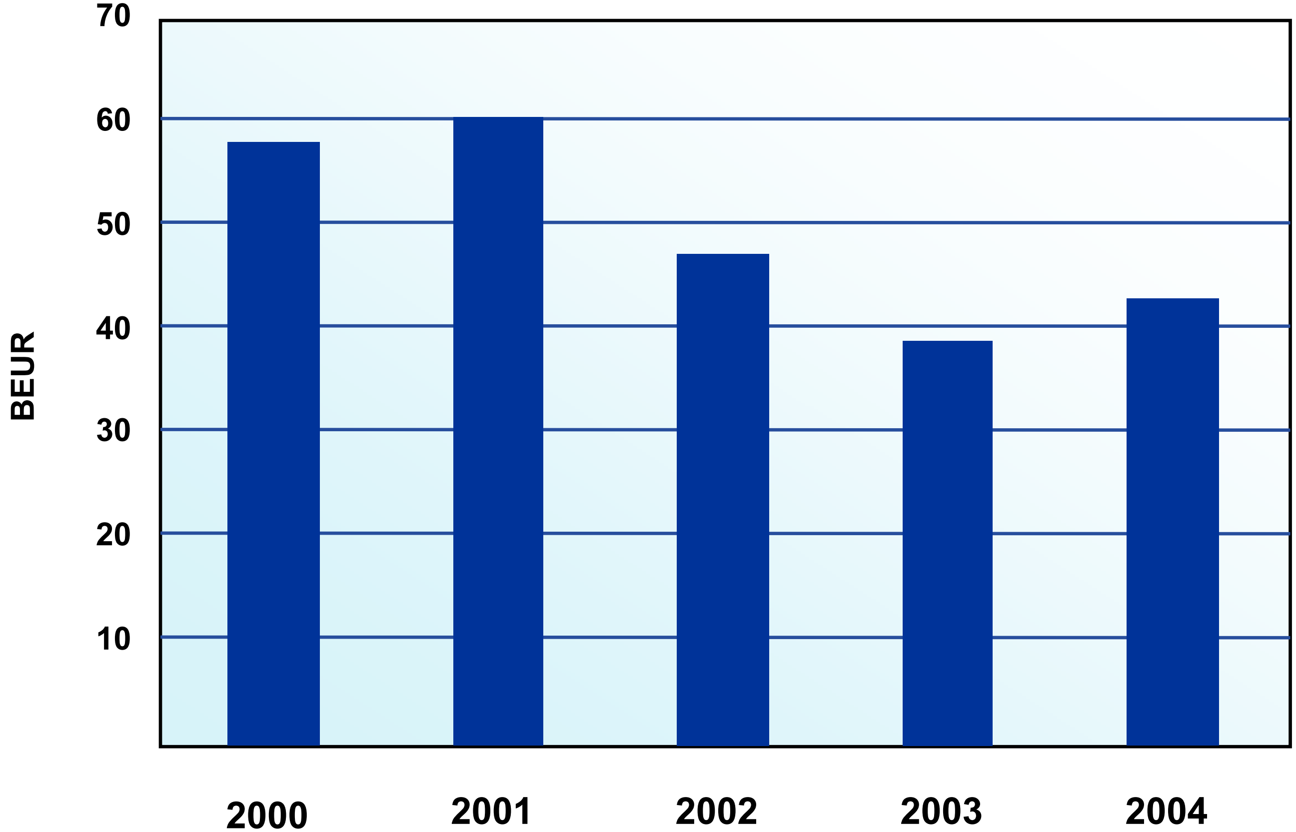
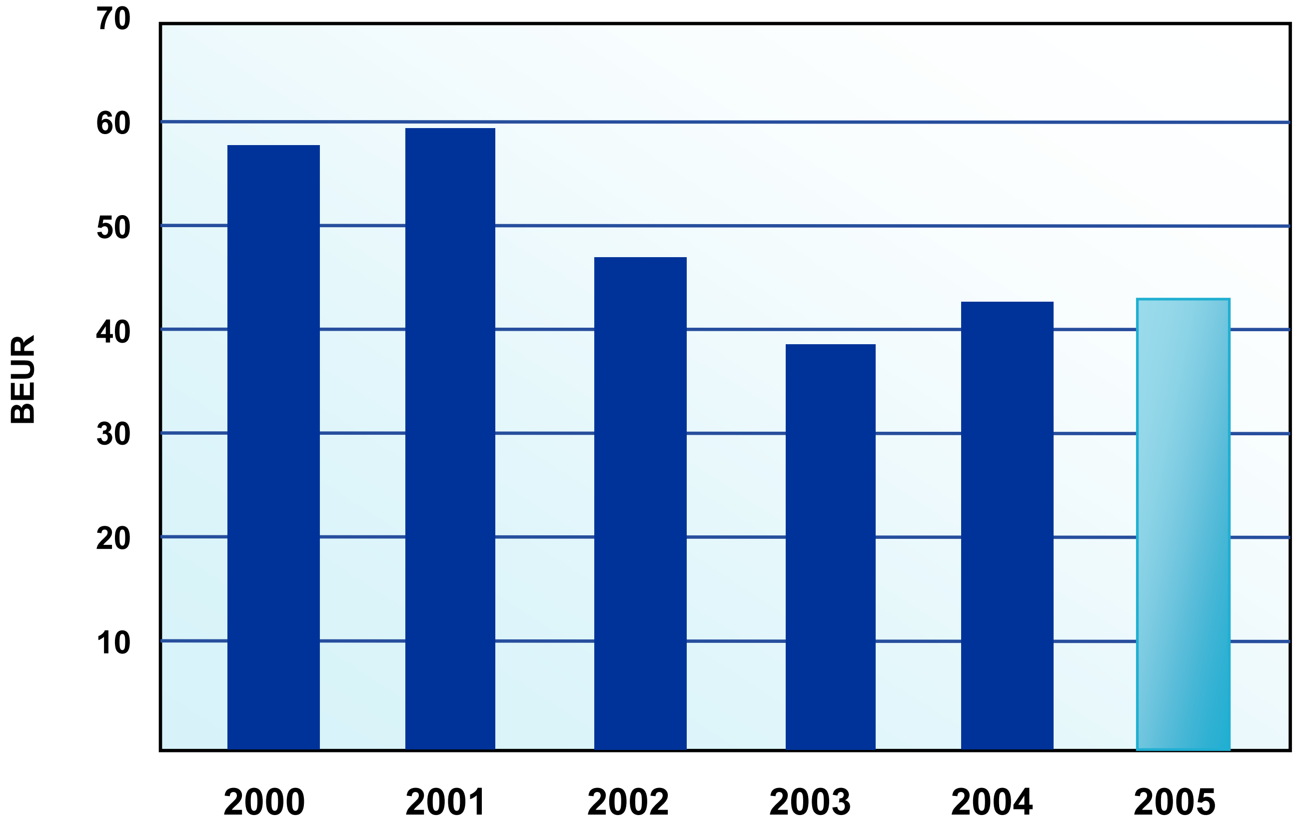


Total vendor sales on mobile infrastructure products and related services

Source: Company reports, Nokia estimates

Slightly growing overall mobile infrastructure market in 2005 (EUR)



Total vendor sales on mobile infrastructure products and related services

Source: Company reports, Nokia estimates

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Additional service business opportunity in 2005

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- Today’s model of the overall infrastructure markets capture traditional service business
- There is additional room for business growth outside of the model in 2005 as the service business opens up to new areas
- The additional opportunities will be in the areas of managed services, systems integration, performance services and other consultative services

Market drivers 2004-2005

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2004

- Operator OPEX focus
- Evolution of IP and digitalization drives the restart of Convergence
- 3G – from basic functionality to coverage & quality
- Strong subscriber growth
- Network modernization drives 2G in mature markets

2005

- Service business growth
- First realization of service convergence
- Towards full 3G commercialization
- Toward 2 billion subscribers already in 2006
- Continued drive for modernization in 2G

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Networks business and growth focus

Continue expanding footprint

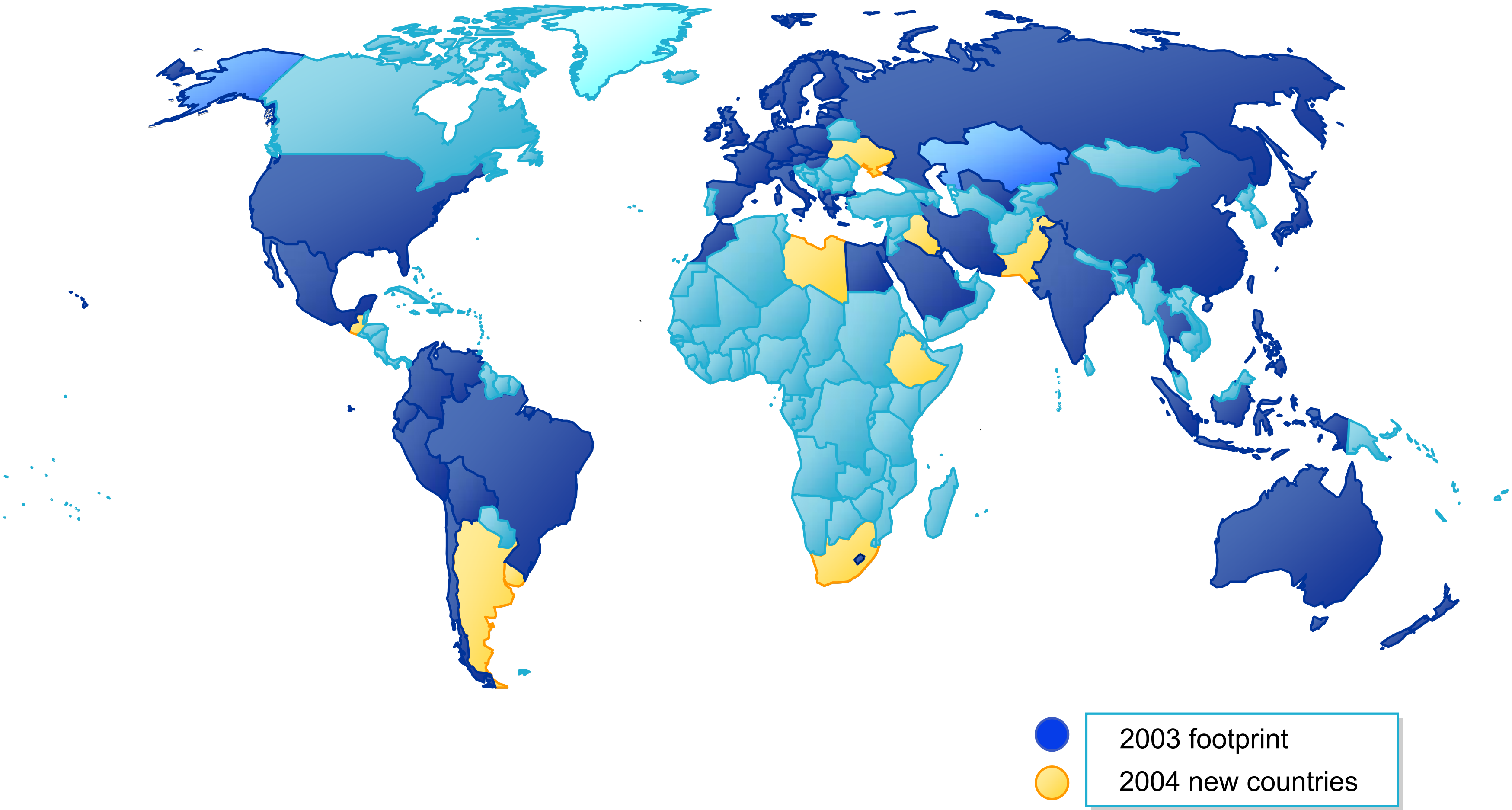
Win market share in transition to 3G and new core networks

Build total offering for services

Dynamic organisation

Nokia networks footprint

Increasing in 2004



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Win market share in transition to 3G and new core networks

Continuous growth of 3G WCDMA business

– over 40 customers, 24 in commercial operation

Even stronger growth in new core networks

– over 150 new deals in 2004 so far

Nokia is capturing the services market opportunity

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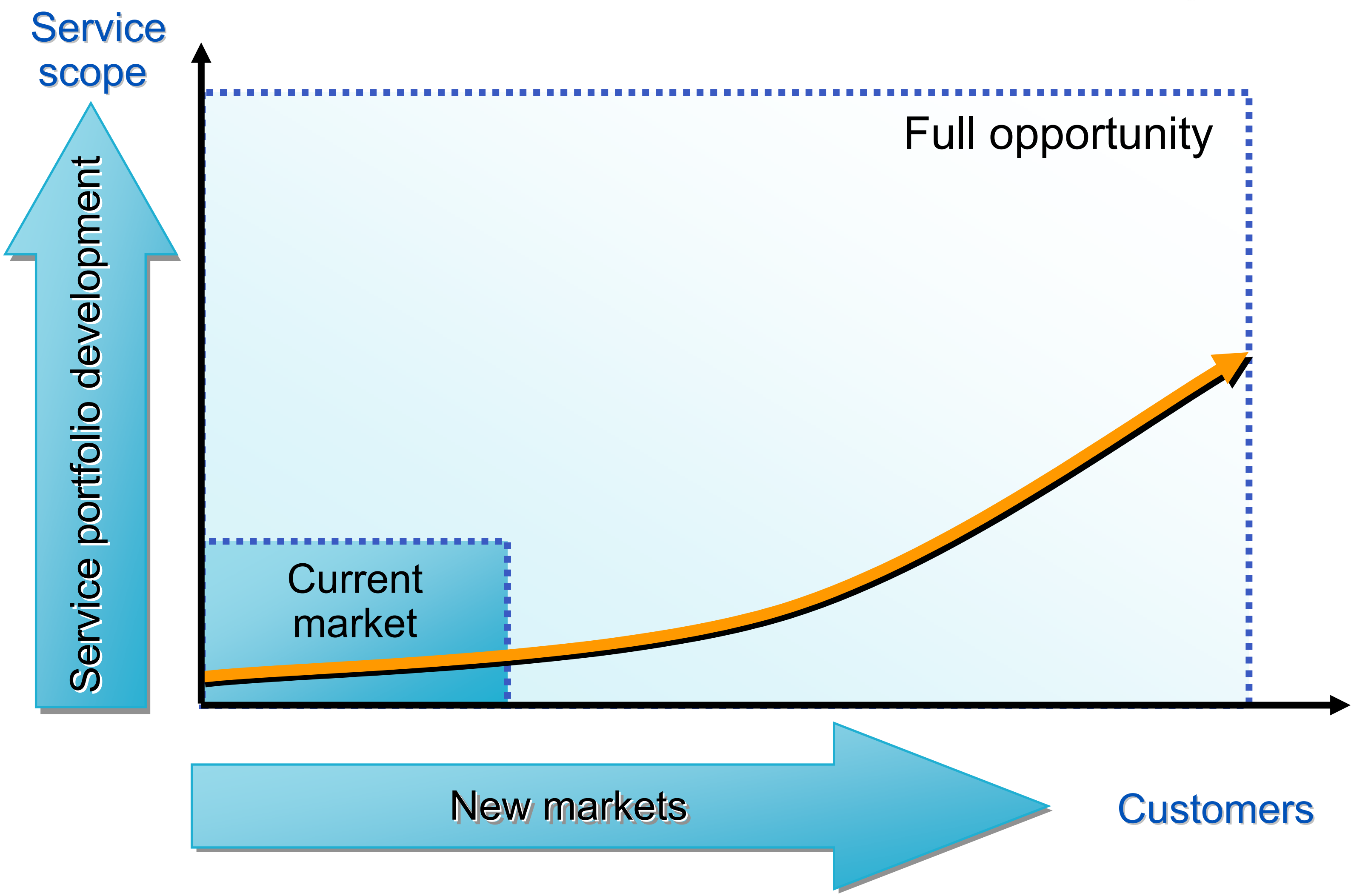

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Changing markets requires a dynamic organisation

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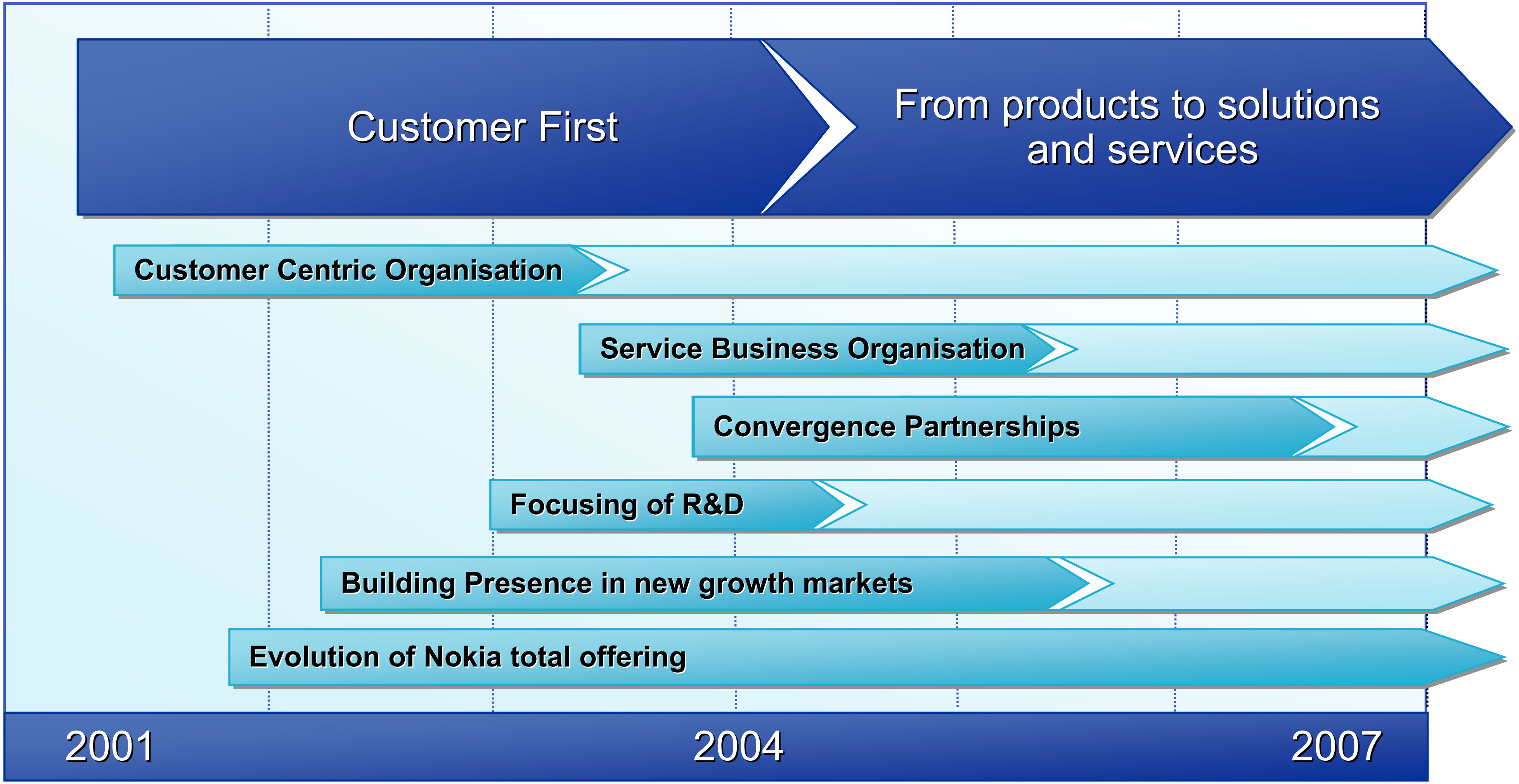

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A Changing Landscape Going Forward

By 2007:

The mobile infrastructure market will have been redefined

Convergence, alternative access technologies, operator business models and new usage patterns will have emerged

For Networks this means working closer to customers than ever before

We drive for profitable leadership through this transition

Summary

Networks has aligned its cost structure to market realities, and has the flexibility to pursue new opportunities.

Nokia is well-positioned to pursue growth segments in 2005 and beyond in emerging markets, WCDMA and new core networks.

Expect NET revenue to grow faster than the market in 2005

Prudent R&D rationalization combined with solid top-line prospects leading to operating margin sustainability in the double digits on an annual basis.

End