

# Nokia Conference Call

## First Quarter 2009 Financial Results

April 16, 2009 15.00 Helsinki time 8.00 New York time



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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) the deteriorating global economic conditions and related financial crisis and their impact on us, our customers and end-users of our products, services and solutions, our suppliers and collaborative partners; 2) the development of the mobile and fixed communications industry, as well as 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; 3) the intensity of competition in the mobile and fixed communications industry and our ability to maintain or improve our market position or respond successfully to changes in the competitive landscape; 4) competitiveness of our product, services and solutions portfolio; 5) our ability to successfully manage costs; 6) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the Japanese yen, the Chinese yuan and the UK pound sterling, as well as certain other currencies; 7) the success, financial condition and performance of our suppliers, collaboration partners and customers; 8) our ability to source sufficient amounts of fully functional components, sub-assemblies, software and content without interruption and at acceptable prices; 9) the impact of changes in technology and our ability to develop or otherwise acquire and timely and successfully commercialize complex technologies as required by the market; 10) the occurrence of any actual or even alleged defects or other quality, safety or security issues in our products, services and solutions; 11) the impact of changes in government policies, trade policies, laws or regulations or political turmoil in countries where we do business; 12) our success in collaboration arrangements with others relating to development of technologies or new products, services and solutions; 13) 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; 14) inventory management risks resulting from shifts in market demand; 15) 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 solutions; 16) our ability to protect numerous Nokia, NAVTEQ and Nokia Siemens Networks patented, standardized or proprietary technologies from third-party infringement or actions to invalidate the intellectual property rights of these technologies; 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) the management of our customer financing exposure; 20) our ability to retain, motivate, develop and recruit appropriately skilled employees; 21) whether, as a result of investigations into alleged violations of law by some 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 violations that may have occurred after the transfer, of such assets and employees that could result in additional actions by government authorities; 22) 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; 23) unfavorable outcome of litigations; 24) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices and lawsuits related to them, regardless of merit; as well as the risk factors specified on pages 11-28 of Nokia's annual report on Form 20-F for the year ended December 31, 2008 under Item 3D. "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 publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.*

# Nokia 1Q09 Review

## Rapid inventory de-stocking

- Channel inventories came down from approximately 5 to 6 weeks to approximately 4 to 5 weeks

## Stable Devices & Services Gross-margin

- Devices & Services business maintained flat gross margins sequentially at 33.8% despite a significant decline in Nokia device ASP

## Investing for Future Growth

- Continued focused investment in consumer Internet services to deliver solutions across broad device portfolio

## 5800 XpressMusic Success

- The 5800 XpressMusic was Nokia's #1 revenue and gross margin generating product
- The 5800 XpressMusic was launched very successfully together with Comes with Music in Singapore and Australia

# Estimated Global Device Market

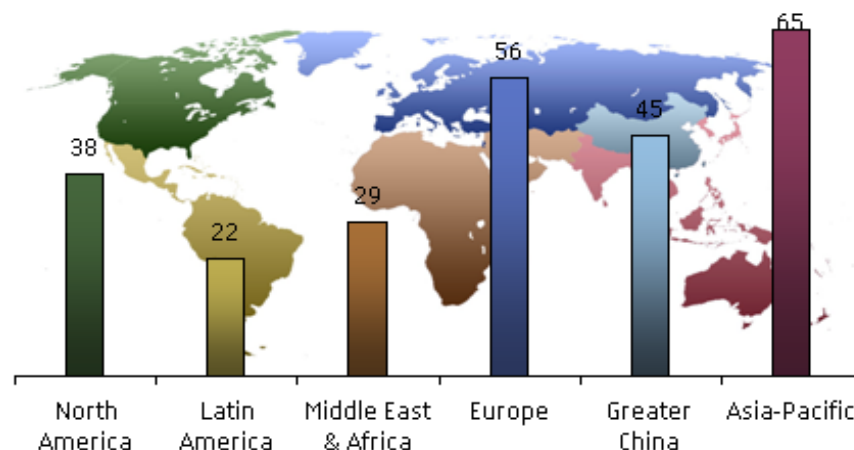
Industry mobile device volumes in 1Q 2009 estimated to be 255 million, down 16% QoQ and down 14% YoY.

Industry Volume by Region (millions)	1Q09	4Q08	QoQ	1Q08	YoY
North America	38	47	-19%	42	-10%
Latin America	22	38	-42%	29	-24%
Middle East & Africa	29	37	-22%	37	-22%
Europe	56	79	-29%	65	-14%
Greater China	45	39	15%	50	-10%
Asia-Pacific	65	65	0%	73	-11%
<b>Total</b>	<b>255</b>	<b>305</b>	<b>-16%</b>	<b>295</b>	<b>-14%</b>

GSM	157	198	-21%	202	-22%
CDMA	40	42	-5%	43	-7%
W-CDMA	56	63	-11%	47	19%
Other	2	2		3	
<b>Total</b>	<b>255</b>	<b>305</b>	<b>-16%</b>	<b>295</b>	<b>-14%</b>

Industry Volume by Technology (millions)	1Q09	4Q08	QoQ	1Q08	YoY
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**1Q 2009 Industry Device Volumes by Region (millions)**



**1Q 2009 Industry Device Volumes by Technology (millions)**





# Select Key Products



**Nokia  
N97**



**Nokia  
5800 XpressMusic**



**Nokia  
6300**



**Nokia  
E71**



**Nokia  
E75**



**Nokia  
N95 8GB**



**Nokia  
N96**



**Nokia  
1209**



**Nokia  
3110 classic**



**Nokia**

**5310 XpressMusic**



**Nokia  
5730 XpressMusic**



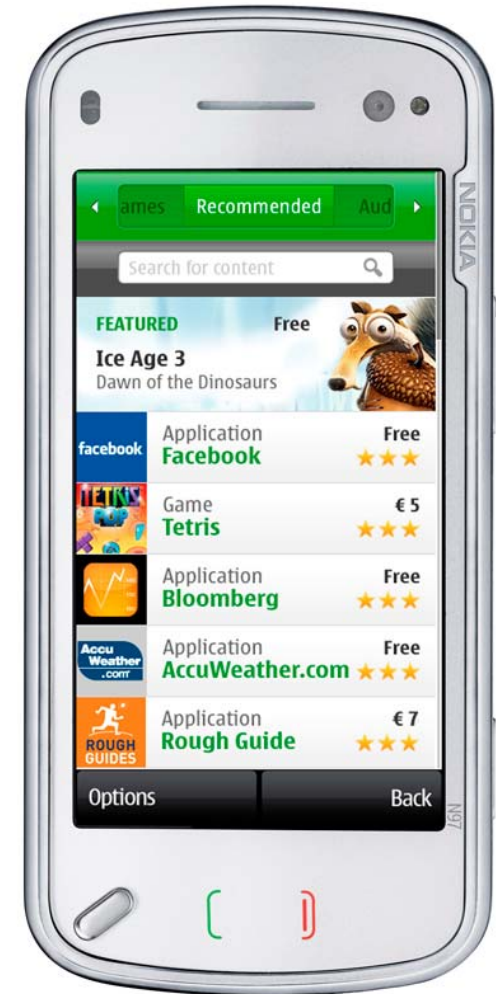
**Nokia  
E55**



**Nokia  
E63**

# Services in 1Q09: Highlights

- Net sales of EUR 150 million (down 5% QoQ)
- Total billings of EUR 166 million
- Nokia announced Ovi Store, which is expected to launch in Q2 2009
- Comes With Music service was successfully launched in Australia and Singapore and new Nokia Music Stores were launched in Austria and Switzerland



Ovi Store on Nokia N97

# Nokia Siemens Networks

- Net sales of EUR 3.0 billion (down from 12% YoY and down 31% QoQ)
- Non-IFRS gross margin of 25.6% (down from 30.4% in Q4 2008)
- Non-IFRS operating loss of EUR 122 million (down from operating profit of EUR 81 million in 1Q 2008)
- NSN's focus on cost control and working capital management will continue to be key priorities



# Cost reduction measures on track

## D&S OPEX target

- Nokia targets to exit 2010 with a Devices & Services annualized non-IFRS operating expense run rate of lower than EUR 6.0 billion
- Nokia will continue to adjust its cost structure through 2009 and 2010

## Recent actions taken to reduce costs

- Pruned mobile device portfolio
- Adjust production capacity
- Cut subcontracting and external consultants
- Frozen salary 2009
- Restricted travel
- Stepped back from Japan in mobile devices

## Personnel impact in 1Q

- Announced and commenced measures in 1Q affecting approximately 3 000 people, excluding temporary lay-offs affecting around 2 500 people at Nokia's Salo facility



# Nokia Income Statement in 1Q2009: Highlights

- Nokia non-IFRS gross margin was 32.0% (down 160 bps QoQ)
- Devices & Services net sales of EUR 6.2 billion (down 24% QoQ)
- Devices & Services gross margin of 33.8% (flat QoQ)
- Devices & Services non-IFRS operating margin of 10.4% (down 170 bps QoQ)
- Services and software net sales were EUR 150 million (down 5% QoQ)
- Nokia device ASP was EUR 65 (down from EUR 71 in 4Q08)
- NAVTEQ reported net sales of EUR 132 million (down from EUR 205 in 4Q08)
- NAVTEQ non-IFRS operating margin of 3.7% (down from 25.7% in 4Q08)
- Nokia Siemens Networks net sales of EUR 3.0 billion (down 31% QoQ)
- Nokia Siemens Networks non-IFRS gross margin of 25.6% (down 480 bps QoQ)
- Nokia Siemens Networks non-IFRS operating margin of -4.1% (5.2% in 4Q08)

# Nokia Financial Income and Expenses

- Financial Income & Expenses in 1Q2009 was an expense of EUR 77 million (expense of EUR 16 million in 4Q2008)
- The sequentially higher net expense was partly due to FX losses on balance sheet positions in the Russian Ruble which amounted to loss of EUR 42 million in Q1.

# Reported vs. non-IFRS: 1Q09

EUR (million)	Devices & Services	NAVTEQ	Nokia Siemens Networks	Reported Nokia 1Q09	Non-IFRS Devices & Services	Non-IFRS NAVTEQ	Non-IFRS Nokia Siemens Networks	Non-IFRS Nokia 1Q09
<b>Net sales</b>	<b>6 173</b>	<b>132</b>	<b>2 990</b>	<b>9 274</b>	<b>6 173</b>	<b>134</b>	<b>2 990</b>	<b>9 276</b>
<i>YoY growth</i>	-33%		-12%	-27%	-33%		-12%	-27%
<b>Gross profit</b>	<b>2 085</b>	<b>115</b>	<b>703</b>	<b>2 903</b>	<b>2 085</b>	<b>117</b>	<b>764</b>	<b>2 966</b>
<i>Gross margin, %</i>	33.8%	87.1%	23.5%	31.3%	33.8%	87.3%	25.6%	32.0%
<b>R&amp;D</b>	<b>-755</b>	<b>-168</b>	<b>-577</b>	<b>-1 500</b>	<b>-753</b>	<b>-75</b>	<b>-530</b>	<b>-1 358</b>
<i>% of net sales</i>	12.2%	127.3%	19.3%	16.2%	12.2%	56.0%	17.7%	14.6%
<b>S&amp;M</b>	<b>-575</b>	<b>-55</b>	<b>-332</b>	<b>-962</b>	<b>-575</b>	<b>-25</b>	<b>-255</b>	<b>-855</b>
<i>% of net sales</i>	9.3%	41.7%	11.1%	10.4%	9.3%	18.7%	8.5%	9.2%
<b>AG&amp;O</b>	<b>-208</b>	<b>-12</b>	<b>-155</b>	<b>-386</b>	<b>-115</b>	<b>-12</b>	<b>-101</b>	<b>-239</b>
<i>% of net sales</i>	3.4%	9.1%	5.2%	4.2%	1.9%	9.0%	3.4%	2.6%
<b>Operating profit</b>	<b>547</b>	<b>-120</b>	<b>-361</b>	<b>55</b>	<b>642</b>	<b>5</b>	<b>-122</b>	<b>514</b>
<i>Operating margin, %</i>	8.9%	-90.9%	-12.1%	0.6%	10.4%	3.7%	-4.1%	5.5%
<b>Financial income and expenses</b>				<b>-77</b>				<b>-77</b>
<b>Profit before tax</b>				<b>-12</b>				<b>447</b>
<b>Profit attributable to equity holders of the parent</b>				<b>122</b>				<b>357</b>
<b>EPS, Basic (EUR)</b>				<b>0.03</b>				<b>0.10</b>
<b>EPS, Diluted (EUR)</b>				<b>0.03</b>				<b>0.10</b>

# Financial Position & Cash Flow Metrics

EUR (million)	1Q 2009	1Q 2008	YoY	4Q 2008	QoQ
<b>Inventories</b>	2 292	2 793	-18%	2 533	-10%
<b>Accounts Receivable</b>	8 931	10 440	-14%	9 444	-5%
<b>Accounts Payable</b>	5 223	5 589	-7%	5 225	0%
<b>Operating Cash Flow</b>	276	757	-64%	-299	
<b>Capital Expenditure</b>	144	179	-20%	224	-36%
<b>Depreciation</b>	462	347	33%	446	4%
<b>Cash and Other liquid assets</b>	8 114	10 366	-22%	6 820	19%
<b>Gearing (Net-Debt ratio)</b>	-14%	-53%		-14%	
<b>Distributions</b>	0	1 374		0	
Dividends					
Buybacks	0	1 374	-100%	0	

# Currency

- 1Q09 EUR/USD average rate for P&L: 1.301
- 2Q09 EUR/USD Plan rate: 1.296

NOKIA FIRST QUARTER 2009 NET SALES Reported & Constant Currency <sup>1</sup>		
	Q1/2009 vs. Q1/2008 Change	Q1/2009 vs. Q4/2008 Change
Group net sales – reported	-27%	-27%
<i>Group net sales - constant currency<sup>1</sup></i>	-24%	-25%
Devices & Services net sales – reported	-33%	-24%
<i>Devices &amp; Services net sales - constant currency<sup>1</sup></i>	-31%	-23%
Nokia Siemens Networks net sales – reported	-12%	-31%
<i>Nokia Siemens Networks net sales - constant currency<sup>1</sup></i>	-9%	-30%

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





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