

Nokia Conference Call

Second Quarter 2010 Financial Results

July 22, 2010 15.00 Helsinki time 8.00 New York time



Olli-Pekka Kallasvuo CEO

Timo Ihamuotila CFO

Kristian Pullola

Head of Treasury and Investor Relations

NOKIA

Disclaimer

It should be noted that certain statements herein which are not historical facts are forward-looking statements, including, without limitation, those regarding: A) the timing of the deliveries of our products and services and their combinations; B) our ability to develop, implement and commercialize new technologies, products and services and their combinations; C) expectations regarding market developments and structural changes; D) expectations and targets regarding our industry volumes, market share, prices, net sales and margins of products and services and their combinations; E) expectations and targets regarding our operational priorities and results of operations; F) the outcome of pending and threatened litigation; G) expectations regarding the successful completion of acquisitions or restructurings on a timely basis and our ability to achieve the financial and operational targets set in connection with any such acquisition or restructuring; and H) statements preceded by "believe," "expect," "anticipate," "foresee," "target," "estimate," "designed," "plans," "will" or similar expressions. 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 competitiveness and quality of our portfolio of products and services and their combinations; 2) our ability to timely and successfully develop or otherwise acquire the appropriate technologies and commercialize them as new advanced products and services and their combinations, including our ability to attract application developers and content providers to develop applications and provide content for use in our devices; 3) our ability to effectively, timely and profitably adapt our business and operations to the requirements of the converged mobile device market and the services market; 4) the intensity of competition in the various markets where we do business and our ability to maintain or improve our market position or respond successfully to changes in the competitive environment; 5) the occurrence of any actual or even alleged defects or other quality, safety or security issues in our products and services and their combinations; 6) the development of the mobile and fixed communications industry and general economic conditions globally and regionally; 7) our ability to successfully manage costs; 8) exchange rate fluctuations, including, in particular, fluctuations between the euro, which is our reporting currency, and the US dollar, the Japanese yen and the Chinese yuan, as well as certain other currencies; 9) the success, financial condition and performance of our suppliers, collaboration partners and customers; 10) our ability to source sufficient amounts of fully functional components, sub-assemblies, software, applications and content without interruption and at acceptable prices and quality; 11) our success in collaboration arrangements with third parties relating to the development of new technologies, products and services, including applications and content; 12) our ability to manage efficiently our manufacturing and logistics, as well as to ensure the quality, safety, security and timely delivery of our products and services and their combinations; 13) our ability to manage our inventory and timely adapt our supply to meet changing demands for our products; 14) 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 and services and their combinations; 15) 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; 16) the impact of changes in government policies, trade policies, laws or regulations and economic or political turmoil in countries where our assets are located and we do business; 17) any disruption to information technology systems and networks that our operations rely on; 18) our ability to retain, motivate, develop and recruit appropriately skilled employees; 19) unfavorable outcome of litigations; 20) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices and lawsuits related to them, regardless of merit; 21) our ability to achieve targeted costs reductions and increase profitability in Nokia Siemens Networks and to effectively and timely execute related restructuring measures; 22) developments under large, multi-year contracts or in relation to major customers in the networks infrastructure and related services business; 23) the management of our customer financing exposure, particularly in the networks infrastructure and related services business; 24) whether ongoing or any additional governmental investigations into alleged violations of law by some former employees of Siemens AG ("Siemens") may involve and affect the carrier-related assets and employees transferred by Siemens to Nokia Siemens Networks; 25) any impairment of Nokia Siemens Networks customer relationships resulting from ongoing or any additional governmental investigations involving the Siemens carrier-related operations transferred to Nokia Siemens Networks; as well as the risk factors specified on pages 11-32 of Nokia's annual report Form 20-F for the year ended December 31, 2009 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.

Devices & Services Key Themes

- Improving execution: More direct control of R&D resources; speed and innovation
- We expect to start shipping the Nokia N8 by the end of Q3
- OS update and clarification:
 - We expect Symbian^3 devices to be popular with consumers
 - Software-centric platform approach provides distinct benefits for developers
 - Meego and Symbian^3 have distinct strengths and roles in the mid-to-high end portfolio
 - Positive operator feedback on the N8



Devices & Services: 2Q 2010 Highlights

- Strength in developing markets drove 5 percent sequential and 14 percent year-over-year volume growth in the mobile device market*
- Mobile Phones delivered higher volumes and net sales versus Q1, driven partly by Nokia C3
- Good progress expanding the reach of Ovi
 - Free navigation is now available on all Nokia GPS-enabled smartphones
 - Partnering with Yahoo! to power their web-based location services
- Solid Nokia Group operating cash flow performance



* based on Nokia's preliminary estimate

Nokia Siemens Networks: 2Q 2010 Highlights

- Acquisition of the majority of Motorola's networks business is expected to strengthen market position in the US and Japan
- NSN net sales in Q2 negatively impacted by industry-wide issues
 - Delays in India due to local security clearances
 - Industry component shortages
- NSN continues to generate momentum
 - Highest number of LTE and 3G references in the industry, strong growth in WCDMA
 - Continued strength in professional services



Nokia Financial Highlights 2Q 2010

EUR (million)	Devices & Services	NAVTEQ	Nokia Siemens Networks	Reported Nokia 2Q10	Devices & Services	NAVTEQ	Nokia Siemens Networks	Non-IFRS Nokia 2Q10
Net sales	6,799	252	3,039	10,003	6,800	253	3,039	10,005
<i>YoY growth</i>	<i>3%</i>	<i>71%</i>	<i>-5%</i>	<i>1%</i>	<i>3%</i>	<i>71%</i>	<i>-5%</i>	<i>1%</i>
Gross profit	2,052	205	869	3,071	2,053	206	937	3,141
<i>Gross margin, %</i>	<i>30.2%</i>	<i>81.3%</i>	<i>28.6%</i>	<i>30.7%</i>	<i>30.2%</i>	<i>81.4%</i>	<i>30.8%</i>	<i>31.4%</i>
R&D	-740	-197	-545	1,483	-737	-99	-501	-1,338
<i>% of net sales</i>	<i>10.9%</i>	<i>78.2%</i>	<i>17.9%</i>	<i>14.8%</i>	<i>10.8%</i>	<i>39.1%</i>	<i>16.5%</i>	<i>13.4%</i>
S&M	-587	-68	-349	-1,005	-587	-36	-273	-897
<i>% of net sales</i>	<i>8.6%</i>	<i>27.0%</i>	<i>11.5%</i>	<i>10.0%</i>	<i>8.6%</i>	<i>14.2%</i>	<i>9.0%</i>	<i>9.0%</i>
AG&O	-82	-21	-154	-288	-82	-21	-112	-246
<i>% of net sales</i>	<i>1.2%</i>	<i>8.3%</i>	<i>5.1%</i>	<i>2.9%</i>	<i>1.2%</i>	<i>8.3%</i>	<i>3.7%</i>	<i>2.5%</i>
Operating profit	643	-81	-179	295	647	50	51	660
<i>Operating margin, %</i>	<i>9.5%</i>	<i>-32.1%</i>	<i>-5.9%</i>	<i>2.9%</i>	<i>9.5%</i>	<i>19.8%</i>	<i>1.7%</i>	<i>6.6%</i>
Financial income and expenses				-68				-68
Profit before tax				221				586
Profit attributable to equity holders of the parent				227				419
EPS, Basic (EUR)				0.06				0.11
EPS, Diluted (EUR)				0.06				0.11

Elimination Entries

NET SALES BY REPORTABLE SEGMENT, EUR million					
Reported	2Q 2010	2Q 2009	1H 2010	1H 2009	2009
Devices & Services	6,799	6,586	13,462	12,759	27,853
NAVTEQ	252	147	441	279	670
Nokia Siemens Networks	3,039	3,199	5,757	6,189	12,574
Group common functions	-	-	-	-	-
Inter-segment eliminations	-87	-20	-135	-41	-113
Nokia Group	10,003	9,912	19,525	19,186	40,984

OPERATING PROFIT BY REPORTABLE SEGMENT, EUR million					
Reported	2Q 2010	2Q 2009	1H 2010	1H 2009	2009
Devices & Services	643	763	1,474	1,310	3,314
NAVTEQ	-81	-100	-158	-220	-344
Nokia Siemens Networks	-179	-188	-405	-549	-1,639
Group common functions	-33	-48	-53	-59	-134
Eliminations ¹	-55	-	-75	-	-
Nokia Group	295	427	783	482	1,197

Note 1: Elimination of profits recorded in NAVTEQ that are deferred in Devices & Services related to Ovi Maps service sold in combination with Nokia's GPS enabled smartphones.

Financial Position & Cash Flow Metrics in 2Q 2010

EUR (million)	2Q 2010	2Q 2009	YoY	1Q 2010	QoQ
Inventories	2 216	1 973	12%	2 020	10%
Accounts Receivable	7 837	8 725	-10%	7 562	4%
Accounts Payable	5 581	5 276	6%	4 790	17%
Operating Cash Flow	944	716	32%	955	-1%
Capital Expenditure	172	137	26%	114	51%
Depreciation	463	443	5%	437	6%
Cash and Other liquid assets	9 463	6 994	35%	9 701	-2%
Gearing (Net-Debt ratio)	-27%	-10%		-31%	
Distributions	1 518	1 519	0%	0	
Dividends	1 518	1 519	0%	0	
Buybacks	0	0		0	

3Q 2010 and 2010 Guidance

Devices & Services

- Devices & Services net sales in 3Q 2010 expected to be between 6.7 and 7.2 billion Euros
- Devices & Services non-IFRS operating margin expected to be in the range of 7% to 10% in 3Q 2010
- Devices & Services non-IFRS operating margin targeted to be in the range of 10% to 11% in 2010

Nokia Siemens Networks

- Nokia Siemens Networks' net sales expected to be between 2.7 and 3.1 billion Euros in 3Q 2010
 - Nokia Siemens Networks' non-IFRS operating margin expected to be in the range of -2% to 2% in 3Q 2010
 - Nokia Siemens Networks' non-IFRS operating margin in targeted to be in the range of 0% to 2% in 2010
- See total guidance in the press release issued today

Moving Forward





NOKIA

Currency

- 2Q10 EUR/USD average rate for P&L: 1.306
- 3Q10 EUR/USD Plan rate: 1.234

SECOND QUARTER 2010 NET SALES, REPORTED & CONSTANT CURRENCY ¹		
	YoY Change	QoQ Change
Group net sales – reported	1%	5%
<i>Group net sales - constant currency¹</i>	-4%	2%
Devices & Services net sales – reported	3%	2%
<i>Devices & Services net sales - constant currency¹</i>	-2%	-1%
NAVTEQ net sales – reported	71%	33%
<i>NAVTEQ net sales - constant currency¹</i>	69%	30%
Nokia Siemens Networks net sales – reported	-5%	12%
<i>Nokia Siemens Networks net sales - constant currency¹</i>	-11%	10%

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.