

Nokia Conference Call

Second Quarter 2011 Financial Results

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Stephen Elop President & CEO

Timo Ihamuotila CFO

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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 expected plans and benefits of our strategic partnership with Microsoft to combine complementary assets and expertise to form a global mobile ecosystem and to adopt Windows Phone as our primary smartphone platform; B) the timing and expected benefits of our new strategy, including expected operational and financial benefits and targets as well as changes in leadership and operational structure; C) the timing of the deliveries of our products and services; D) our ability to innovate, develop, execute and commercialize new technologies, products and services; E) expectations regarding market developments and structural changes; F) expectations and targets regarding our industry volumes, market share, prices, net sales and margins of products and services; G) expectations and targets regarding our operational priorities and results of operations; H) expectations and targets regarding collaboration and partnering arrangements; I) the outcome of pending and threatened litigation; J) 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 K) 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) our ability to succeed in creating a competitive smartphone platform for high-quality differentiated winning smartphones or in creating new sources of revenue through our partnership with Microsoft;*
- 2) the expected timing of the planned transition to Windows Phone as our primary smartphone platform and the introduction of mobile products based on that platform;*
- 3) our ability to maintain the viability of our current Symbian smartphone platform during the transition to Windows Phone as our primary smartphone platform;*
- 4) our ability to realize a return on our investment in MeeGo and next generation devices, platforms and user experiences;*
- 5) our ability to build a competitive and profitable global ecosystem of sufficient scale, attractiveness and value to all participants and to bring winning smartphones to the market in a timely manner;*
- 6) our ability to produce mobile phones in a timely and cost efficient manner with differentiated hardware, localized services and applications;*
- 7) our ability to increase our speed of innovation, product development and execution to bring new competitive smartphones and mobile phones to the market in a timely manner;*
- 8) our ability to retain, motivate, develop and recruit appropriately skilled employees;*
- 9) our ability to implement our strategies, particularly our new mobile product strategy;*
- 10) 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;*
- 11) our ability to maintain and leverage our traditional strengths in the mobile product market if we are unable to retain the loyalty of our mobile operator and distributor customers and consumers as a result of the implementation of our new strategy or other factors;*
- 12) our success in collaboration and partnering arrangements with third parties, including Microsoft;*
- 13) the success, financial condition and performance of our suppliers, collaboration partners and customers;*
- 14) our ability to source sufficient quantities of fully functional quality components, subassemblies and software on a timely basis without interruption and on favorable terms, including the disruption of production and/or deliveries from any of our suppliers as a result of adverse conditions in the geographic areas where they are located;*
- 15) our ability to manage efficiently our manufacturing, service creation, delivery and logistics without interruption;*
- 16) our ability to ensure the timely delivery of sufficient volumes of products that meet our and our customers' and consumers' requirements and manage our inventory and timely adapt our supply to meet changing demands for our products;*
- 17) any actual or even alleged defects or other quality, safety and security issues in our products;*
- 18) any actual or alleged loss, improper disclosure or leakage of any personal or consumer data collected or made available to us or stored in or through our products;*
- 19) our ability to successfully manage costs, including our ability to achieve targeted costs reductions and to effectively and timely execute related restructuring measures, including personnel reductions;*
- 20) our ability to effectively and smoothly implement the new operational structure for our devices and services business effective April 1, 2011;*
- 21) the development of the mobile and fixed communications industry and general economic conditions globally and regionally;*
- 22) 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;*
- 23) our ability to protect the 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;*
- 24) 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;*
- 25) 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;*
- 26) any disruption to information technology systems and networks that our operations rely on;*
- 27) unfavorable outcome of litigations;*
- 28) allegations of possible health risks from electromagnetic fields generated by base stations and mobile products and lawsuits related to them, regardless of merit;*
- 29) our ability to achieve targeted costs reductions and increase profitability in Nokia Siemens Networks and to effectively and timely execute related restructuring measures;*
- 30) Nokia Siemens Networks' ability to maintain or improve its market position or respond successfully to changes in the competitive environment;*
- 31) Nokia Siemens Networks' liquidity and its ability to meet its working capital requirements;*
- 32) whether Nokia Siemens Networks is able to successfully integrate the acquired assets of Motorola Solutions' s networks business, retain existing customers of the acquired business, cross-sell Nokia Siemens Networks' products and services to customers of the acquired business and otherwise realize the expected synergies and benefits of the acquisition;*
- 33) Nokia Siemens Networks' ability to timely introduce new products, services, upgrades and technologies;*
- 34) Nokia Siemens Networks' success in the telecommunications infrastructure services market and Nokia Siemens Networks' ability to effectively and profitably adapt its business and operations in a timely manner to the increasingly diverse service needs of its customers;*
- 35) developments under large, multi-year contracts or in relation to major customers in the networks infrastructure and related services business;*
- 36) the management of our customer financing exposure, particularly in the networks infrastructure and related services business;*
- 37) whether ongoing or any additional governmental investigations into alleged violations of law by some former employees of Siemens AG may involve and affect the carrier-related assets and employees transferred by Siemens AG to Nokia Siemens Networks;*
- 38) 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 12-39 of Nokia's annual report Form 20-F for the year ended December 31, 2010 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.

Stephen Elop

President & CEO



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Devices & Services: 2Q 2011 Highlights

- Net sales were 5.5 billion Euro, down 23 percent sequentially and down 20 percent year over year
- Non-IFRS gross margin in Q2 was 31.1 percent, up 200 basis points sequentially benefitting from IPR royalty income
- Non-IFRS OPEX was 1.3 billion Euro, down approximately 50 million Euro on a sequential basis and down approximately 100 million Euro year over year
- Non-IFRS operating margin was 6.7 percent in Q2, down 310 basis points sequentially



Nokia Siemens Networks: 2Q 2011 Highlights

- Net sales were 3.6 billion Euro, up 15 percent sequentially and up 20 percent year over year
- Non-IFRS gross margin was 26.6 percent, down 30 basis points sequentially
- Non-IFRS operating margin was 1.1 percent, up 100 basis points sequentially
- NSN's contribution to Nokia's cash flow from operations was negative 163 million Euro in Q2
- NSN's contribution to Nokia's gross cash was 662 million Euro, and NSN's contribution to Nokia's net cash was negative 1.2 billion Euro

Nokia Siemens Networks operating results for the second quarter 2011 reflect the inclusion of the acquired Motorola Solutions networks assets from April 30, 2011. Accordingly, the results of Nokia Siemens Networks for the second quarter 2011 are not directly comparable to its results for prior periods.



Timo Ihamuotila

CFO



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Nokia Financial Highlights 2Q 2011

EUR (million)	Devices & Services	NAVTEQ	Nokia Siemens Networks	Reported Nokia 2Q11	Devices & Services	NAVTEQ	Nokia Siemens Networks	Non-IFRS Nokia 2Q11
Net sales	5 467	245	3 642	9 275	5 467	246	3 642	9 276
<i>YoY growth</i>	-20%	-3%	-20%	-7%	-20%	-3%	-20%	-7%
Gross profit	1 700	203	944	2 832	1 700	204	970	2 859
<i>Gross margin, %</i>	31.1%	82.9%	25.9%	30.5%	31.1%	82.9%	26.6%	30.8%
R&D	-673	-182	-561	-1 416	-671	-99	-530	-1 300
<i>% of net sales</i>	12.3%	74.3%	15.4%	15.3%	12.3%	40.2%	14.6%	14.0%
S&M	-570	-61	-351	-983	-569	-34	-268	-872
<i>% of net sales</i>	10.4%	24.9%	9.6%	10.6%	10.4%	13.8%	7.4%	9.4%
AG&O	-704	-18	-143	-920	-91	-18	-132	-296
<i>% of net sales</i>	12.9%	7.3%	4.0%	9.9%	1.6%	7.3%	3.7%	3.2%
Operating profit	-247	-58	-111	-487	369	53	3	391
<i>Operating margin, %</i>	-4.5	-23.7	-3.0	-5.3	6.7%	21.5%	1.1%	4.2%
Financial income and expenses				-15				-15
Profit before tax				-544				334
Profit attributable to equity holders of the parent				-492				188
EPS, Basic (EUR)				-0.10				0.06
EPS, Diluted (EUR)				-0.10				0.06

Financial Position & Cash Flow Metrics in 2Q 2011

EUR (million)	2Q 2011	2Q 2010	YoY	1Q 2011	QoQ
Inventories	2 352	2 216	6%	2 311	2%
Accounts Receivable	7 155	7 837	-9%	6 891	4%
Accounts Payable	4 255	4 736	-10%	5 062	-16%
Operating Cash Flow	-176	944	-119%	-173	2%
Capital Expenditure	157	172	-9%	113	39%
Depreciation	378	463	-18%	415	-9%
Cash and Other liquid assets	9 358	9 463	-1%	11 056	-15%
Gearing (Net-Debt ratio)	-28%	-27%		-40%	
Distributions	1 504	1 519	0%	0	
Dividends	1 504	1 519	0%	0	
Buybacks	0	0		0	

Outlook – Devices & Services

Devices & Services

- Due to limited visibility, Nokia is providing a wider than normal range for its Devices & Services non-IFRS operating margin outlook for the third quarter 2011. Nokia expects its non-IFRS Devices & Services operating margin in the third quarter 2011 to be slightly above breakeven, ranging either above or below this level by approximately 2 percentage points
 - Nokia targets Nokia Group net cash and other liquid assets at the end of 2011 to be above the EUR 3.9 billion balance at the end of the second quarter
 - Nokia is accelerating its plans to reduce its Devices & Services non-IFRS operating expenses and now targets to exceed its previous Devices & Services non-IFRS operating expense reduction target of EUR 1 billion for the full year 2013, compared to the full year 2010 Devices & Services non-IFRS operating expenses of EUR 5.65 billion.
- See complete outlook in the press release issued today

Outlook – Nokia Siemens Networks

Nokia Siemens Networks

- Nokia and Nokia Siemens Networks expect Nokia Siemens Networks' net sales to be between EUR 3.2 billion and EUR 3.5 billion in the Q3 2011.
- Nokia and Nokia Siemens Networks expect the non-IFRS operating margin in Nokia Siemens Networks to be between -3% and breakeven in the Q3 2011.
- Nokia and Nokia Siemens Networks continue to target Nokia Siemens Networks net sales to grow faster than the market in 2011.
- Nokia and Nokia Siemens Networks continue to target Nokia Siemens Networks non-IFRS operating margin to be above breakeven in 2011.
- Nokia and Nokia Siemens Networks continue to target Nokia Siemens Networks to reduce its non-IFRS annualized operating expenses and production overheads by EUR 500 million by the end of 2011, compared to the end of 2009
- The outlook relating to Nokia Siemens Networks includes the impact of the acquisition of Motorola Solutions' networks assets. This is an update to the previous outlook that did not include the impact of the acquisition of Motorola Solutions' networks assets.

Q&A session



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