



PRESS RELEASE

*January 10, 2013*

## **Nokia exceeds previous Q4 2012 outlook for Devices & Services and Nokia Siemens Networks**

**Nokia provides preliminary financial information for Q4 2012 and preliminary outlook for Q1 2013**

Nokia Corporation  
Stock exchange release  
January 10, 2013 at 15:00 (CET+1)

Espoo, Finland - Nokia today provided preliminary information on certain aspects of its fourth quarter 2012 financial performance and also provided preliminary information on its outlook for the first quarter 2013.

Nokia now estimates that Devices & Services has exceeded expectations and achieved underlying profitability in the fourth quarter 2012.

- Mobile Phones business unit and Lumia portfolio delivered better than expected results; and- Operating expenses were lower than expected.

- Devices & Services non-IFRS operating margin for the fourth quarter 2012 now expected to be between break even and positive 2 percent.

Seasonality and competitive environment are expected to have a negative impact on the first quarter 2013 underlying profitability for Devices & Services, compared to the fourth quarter 2012.

Nokia also estimates that Nokia Siemens Networks has exceeded expectations for the fourth quarter 2012, delivering record underlying profits and a third consecutive quarter of underlying profitability.

- Strong performance in higher margin product categories and geographic regions; and

- Better than expected cost management.

- Nokia Siemens Networks non-IFRS operating margin for the fourth quarter 2012 now expected to be between 13 and 15 percent.

Seasonality is expected to have a negative impact on the first quarter 2013 underlying profitability for Nokia Siemens Networks, compared to the fourth quarter 2012.

### **Commenting on the preliminary Q4 financial information, Stephen Elop, Nokia CEO, said:**

"We are pleased that Q4 2012 was a solid quarter where we exceeded expectations and delivered underlying profitability in Devices & Services and record underlying profitability in Nokia Siemens Networks. We focused on our priorities and as a result we sold a total of 14 million Asha smartphones and Lumia smartphones while managing our costs efficiently, and Nokia Siemens Networks delivered yet another very good quarter."

### **Preliminary financial information for the fourth quarter 2012:**

Nokia currently estimates that Devices & Services net sales in the fourth quarter 2012 were approximately EUR 3.9 billion, with total device volumes of 86.3 million units.

- Mobile Phones net sales of approximately EUR 2.5 billion, with total volumes of 79.6 million units of which 9.3 million units were Asha full touch smartphones.

- Smart Devices net sales of approximately EUR 1.2 billion, with total volumes of 6.6 million units of which 4.4 million units were Nokia Lumia smartphones.

- Total smartphone volumes of 15.9 million units composed of 9.3 million Asha full touch smartphones, 4.4 million Lumia smartphones and 2.2 million Symbian smartphones.

- Devices & Services Other net sales of approximately EUR 0.2 billion, including a positive impact from non-recurring IPR income of approximately EUR 50 million.

Nokia currently estimates that Devices & Services non-IFRS operating margin for the fourth quarter 2012 was between break even and positive 2 percent, which compares to the previous outlook of approximately negative 6 percent, plus or minus four percentage points. Devices & Services non-IFRS operating margin includes a positive impact from non-recurring IPR income of approximately EUR 50 million.

During the fourth quarter 2012, multiple factors positively affected Nokia's Devices & Services businesses to a greater extent than previously expected. Preliminary information indicates that the main factors include:

- Within the Devices & Services business, better than expected financial performance in the Mobile Phones business unit and Lumia smartphones. In addition, Devices & Services recognized non-recurring IPR income of approximately EUR 50 million; and
- Lower than expected Devices & Services' operating expenses, partially due to greater than expected cost reductions under the restructuring program.

Nokia currently estimates that Location & Commerce net sales in the fourth quarter 2012 were approximately EUR 0.3 billion and the non-IFRS operating margin was between 13 and 15 percent.

Nokia and Nokia Siemens Networks currently estimates that Nokia Siemens Networks net sales in the fourth quarter 2012 were approximately EUR 4.0 billion and the non-IFRS operating margin was between 13 and 15 percent, which compares to the previous outlook of approximately positive 8 percent, plus or minus four percentage points. Nokia Siemens Networks non-IFRS operating margin includes a positive impact from non-recurring IPR income of approximately EUR 30 million.

During the fourth quarter 2012, multiple factors positively affected Nokia Siemens Networks' businesses to a greater extent than previously expected. Preliminary information indicates that the main factors include:

- More favorable product and regional mix in Nokia Siemens Networks. In addition, Nokia Siemens Networks recognized non-recurring IPR income of approximately EUR 30 million; and
- Better than expected improvement under Nokia Siemens Networks' restructuring program to reduce operating expenses and production overheads.

**Preliminary outlook for the first quarter 2013:**

Nokia expects its non-IFRS Devices & Services operating margin in the first quarter 2013 to be approximately negative 2 percent, plus or minus four percentage points. This outlook is based on Nokia's expectations regarding a number of factors, including:

- competitive industry dynamics continuing to negatively affect the Smart Devices and Mobile Phones business units;
- the first quarter being a seasonally weak quarter;
- consumer demand, particularly for our Lumia and Asha smartphones;
- continued ramp up for our new Lumia smartphones;
- expected cost reductions under Devices & Services' restructuring program; and
- the macroeconomic environment.

Nokia expects Location & Commerce non-IFRS operating margin in the first quarter 2013 to be negative due to lower recognized revenue from internal sales, which carry higher gross margin, and to a lesser extent by a negative mix shift within external sales.

Nokia and Nokia Siemens Networks expect Nokia Siemens Networks non-IFRS operating margin in the first quarter 2013 to be approximately positive 3 percent, plus or minus four percentage points. This outlook is based on Nokia Siemens Networks' expectations regarding a number of factors, including:

- competitive industry dynamics;
- the first quarter being a seasonally weak quarter;
- product and regional mix;
- expected continued improvement under Nokia Siemens Networks' restructuring program; and
- the macroeconomic environment.

Nokia will provide more details when it reports fourth quarter and full year 2012 results on January 24, 2013.

Nokia will be hosting a conference call today at 13:30 UK time (8:30 EST).