

NOKIA

Connecting People



Market

Nokia's market for mobile devices extends globally, with 2004 sales distributed as follows:

- 55% Europe/Middle East/Africa
- 15% Asia-Pacific
- 12% North America
- 10% China
- 8% Latin America.

In 2004, the largest markets for Nokia were the US, China, the UK, Germany and India. Group net sales were €29.3 billion, about the same as in 2003, with a net profit of €3.2 billion. Nokia again emerged as the clear industry leader in mobile devices, with leading volumes, market share, and overall profitability. Nokia has sales in over 130 countries with over 500-600 million Nokia phone users globally.

The number of mobile users around the world is rising dramatically, especially in fast growing markets like India, Russia, China and in Latin America and Africa. In the more developed markets, a blurring of industry boundaries is bringing completely new mobile devices, services and ways of using mobile devices, both socially and

professionally. This is already clear from the phenomenal success of camera phones, as well as the growing use of smartphones, not just for making calls, but also for computer-like applications such as email, web browsing and music downloading.

Nokia expects the global number of mobile subscriptions to reach three billion by 2010.

According to Nokia's Mobile Services Forecast from June 2004, the total mobile services market (voice & data) is expected to grow from €400 billion in 2003 to €633 billion in 2008 with data accounting for 29% in 2008 (up from 13% in 2003).

The vibrant mobile communications market growth is a result of the increasing number of users in countries with lower penetration (notably China, India, Russia) and users in more developed markets upgrading to new phones with more features.

Mobile users are increasingly benefiting from the useful applications and intuitive interfaces enabled by mobile software. This leads to a more important role for mobile software applications.

In Nokia's infrastructure business, 2004 was a pivotal year. The company significantly expanded its presence in India and Russia, and entered new markets in the Middle East and Africa. In the second half, the pace of commercial 3G launches intensified in more developed markets, with the number

of subscribers jumping to nearly 16 million by the end of 2004. By the end of the year, Nokia was a supplier to 28 of the 63 commercially launched 3G networks.

Net sales for the Networks business group increased in 2004 by 13% compared with 2003 to €6.4 billion as a result of increased sales in nearly all markets as operators increased their investments in network infrastructure.

Achievements

In the early 1990s Nokia played a key role not just in shaping the industry but in actually inventing it. An unprecedented growth opportunity came from the emergence of GSM – a digital standard replacing analogue in many countries around the world. At this time, Nokia's energy, resource and focus were shifted solely into mobile telecommunications in a 'go for growth' strategy. In 1993, Nokia developed a product series with identical phones that worked on the GSM network and the US and Japanese standards. At the time when it started shipping, the company's projection for sales of 400,000 units was considered laughably ambitious. Nokia in fact sold 20 million and the company was on its way to its subsequent success.

Nokia's main achievement could therefore be described as its role of market leader in an innovative, emerging new field and its maintenance of the position as market leader through a combination of shrewd strategic renewal, brand value and technological expertise. The expansion from humble Finnish origins to global status and brand recognition is one of the biggest and most fascinating business stories of the last 20 years.

History

Nokia has a long history that began in the paper industry in Finland in the 19th century. The name itself comes from the eponymous river in central Finland, on which the wood pulp mill, Nokia Ab,

was founded by Fredrik Idestam in 1865. The river was named after a dark furry otter-like rodent called a musteline – nokia in Finnish.

Nokia branched out into many diverse areas including rubber (including popular rubber boots and car tires), cables, machinery, chemicals, consumer electronics and even the PC businesses. The first mobile phones appeared under the Mobira brand, with all phone products brought under the Nokia brand roof in 1994.

In the early 1990s, the company made the decision to divest non-core business and concentrate on the telecommunications market. Throughout its 140 year history, Nokia has demonstrated a commitment to and ability for renewal, an ability to use technology as a competitive advantage, and an ability to overcome challenging situations.

Nokia sums up its brand journey as follows: From rubber boots to mobile multimedia; from multi-brand portfolio to mono-brand focus; from a Nordic challenger to the global leader.

Product

On January 1, 2004, Nokia restructured to better focus and capitalize on the opportunities in each of these business group areas: Mobile Phones, Multimedia, and Enterprise Solutions. Enabling the end-to-end capability and providing the infrastructure backbone to all these areas is the fourth business group, Networks. Nokia is dedicated to enhancing people's lives and productivity by providing easy-to-use products like mobile phones and solutions for imaging, games, media, mobile network operators and businesses.

Of course, Nokia is best known for its mobile phones and devices, of which it offers an extraordinary and ever-increasing portfolio. At one end of the product spectrum is the simple 1100 series mobile phone used principally for voice and text message communications. At the other are the Nokia Communicators, the popular business companion for which voice is just one of many functions that also include office tools, a full keyboard and web browser. Bluetooth, EDGE and GPRS connectivity are increasingly common features, as are still and video cameras, email access and web browsing capability.

The Nokia Nseries device range, launched in 2005, is optimized for functions such as music, imaging and mobile internet access. The Nokia N90, for example, takes mobile imaging into a new era with Carl Zeiss optics, widely accepted as the leader in optical quality. An integrated camera flash and 20x digital zoom, as well as VHS quality video, add to the flexibility, while a new twisting structure allows the user to convert the device to a miniature camcorder format.

Recent Developments

The number of new mobile users in fast growing markets where penetration levels are low (India, Russia, China, most Latin American countries and several African countries) has been rising dramatically and Nokia continues to step up its commitment to new high-growth markets. For example, Nokia's Networks and Mobile Phones business groups are working on solutions to bring down the

total cost of ownership in these countries, driving growth, delivering value to operator customers and boosting the availability and affordability for new users.

At the other end of the spectrum, in the replacement and upgrade markets, and in some developing markets, Nokia is also capitalizing on new growth opportunities. The Multimedia business group, for instance, offers devices that take pictures, play games and music, and show digital TV, while the Enterprise business group has focused on bringing mobility to businesses and marrying it with the best of the IT world.

Promotion

For Nokia, the most important element for holistic brand management is customer understanding that feeds into everything done by the company.

The brand and the quality associated with it are therefore also at the heart of the company's advertising. Many surveys have confirmed the success of the advertising strategy: 42% of respondents in a recent Link Institute survey (Bestseller 3/2004), for instance, found Nokia advertisements extraordinarily interesting. In the same survey, Nokia was ahead of other mobile brands by a large margin. Nokia



social connections and contact. Nokia enriches people's lives through connected mobility and inspired human technology.

Mobile communications is already an established force for positive change, driving economic development and improving social wellbeing. It gives people a voice, helps them build personal and professional networks, and provides a base for more widespread information sharing.

Nokia's vision of 'Life Goes Mobile' describes how it sees mobility playing a role in all areas of life – at work, at play, at home or on the go. It is one of the world's most recognized, valuable, respected and trusted brands. Today, Nokia is the industry icon for mobile telephony, known for a segmented portfolio of easy to use, attractively designed mobile devices. The Nokia brand is a strategic asset also in the era of Convergence. Nokia aims to reflect the benefits represented by the Nokia brand in everything it offers. "Everything it does must have a harmonious fit with the brand core, and nothing must contradict or compromise it."

THINGS YOU DIDN'T KNOW ABOUT...

Nokia

- Nokia is the 6th most valuable brand in the world 2005 and in the Top Ten since 2001 (Interbrand).
- Nokia is the 10th most innovative brand in the world 2005 (Boston Consulting Group).
- Nokia is the most trusted mobile phone brand across Europe 2001-2005, (Reader's Digest).
- Nokia is the 4th most advocated brand in the world 2004 (NOP World Roper Report)
- Nokia is the 2nd best of 1,000 brands in Asia 2004-2005 (Synovate).
- Nokia is the youth's most favourite mobile phone brand throughout Asia 2005 (Synovate).

ads were particularly interesting to those between the ages of 14 and 29, and the brand also ranked number one for the most innovative products.

Brand Values

In short, Nokia is about Connecting People. Through connecting people, the company helps to fulfill a fundamental human need for

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