

Nokia to acquire Infinera



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Infinera, the members of Infinera's board of directors and certain of Infinera's executive officers are participants in the solicitation of proxies from stockholders in connection with the pending acquisition of Infinera (the "Transaction"). In connection with the Transaction, Nokia intends to file with the SEC a registration statement on Form F-4 that will include a proxy statement of Infinera and that also will constitute a prospectus of Nokia with respect to shares of Nokia's ordinary shares to be issued in the Transaction, which will be represented by American depositary shares (such registration statement, the "Proxy Statement/Prospectus").

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Nokia to acquire Infinera

Strong strategic rationale and synergy opportunity

- **Increased scale to accelerate product roadmap** and improve profitability
- **Strong strategic fit** given highly complementary customer, geographic and technology profiles
- **Capitalizes on strong momentum** and long-term growth opportunity
- **Significant net run-rate synergies of EUR 200 million** at the comparable operating profit level

Enhance NI position and accelerate webscale growth

- Enhances **Network Infrastructure capabilities** complementing other business lines
- Infinera's webscale design wins in systems & pluggables aligns with Nokia's corporate strategy
- Combined business with annual webscale sales of more than EUR 600 million in optical

Create shareholder value with >10% EPS accretion and strong RoIC

- **Purchase price of \$6.65/share**, at least 70% to be paid in cash and the balance in Nokia stock
- **Acquisition EV of \$2.3 billion, implying 7.5x EV/EBIT '25E** pro forma for full target synergies*
- **Nokia's Board commits to fully offset dilution through additional share buybacks**
- **Expected to be accretive to Nokia comparable operating profit and EPS in year 1 and deliver over 10% comparable EPS accretion in 2027****; RoIC clearly above WACC

* Based on Factset consensus for Infinera as of 26-June-2024

** Based on deal closure during H1 2025

Infinera - a leading Optical Networking specialist

Company overview

- One of the leading providers in optical
- 20+ year history, HQ in San Jose, CA
- ~60% of sales from the US
- ~30% of sales from webscale with major new pluggable design wins
- Deep vertical integration including laser technology
- US-based indium phosphide fab & advanced testing and packaging



Key highlights

USD 1.6 billion
2023 reported
net sales

6%
2019 - 2023
Revenue CAGR

+11 pct points
2019 - 2023 non-GAAP
operating margin expansion

1,000+
Customers Worldwide

3,000+
Employees Worldwide

1,480+
Patents

Significant financial progress



Source: Infinera company reports

Time to scale after three years of significant progress

Nokia Optical business has made significant progress since 2020

Significantly improved competitiveness



Coherent Transport

Chassis, Modular & Switching Platforms
Transponders & Pluggables
PSE 6s 2.4Tb/s in a single line card, >2000km at 800Gbits/s



Open Line Systems

Market-leading C+L band line systems
for maximum fiber capacity



High-Capacity OTN Switching

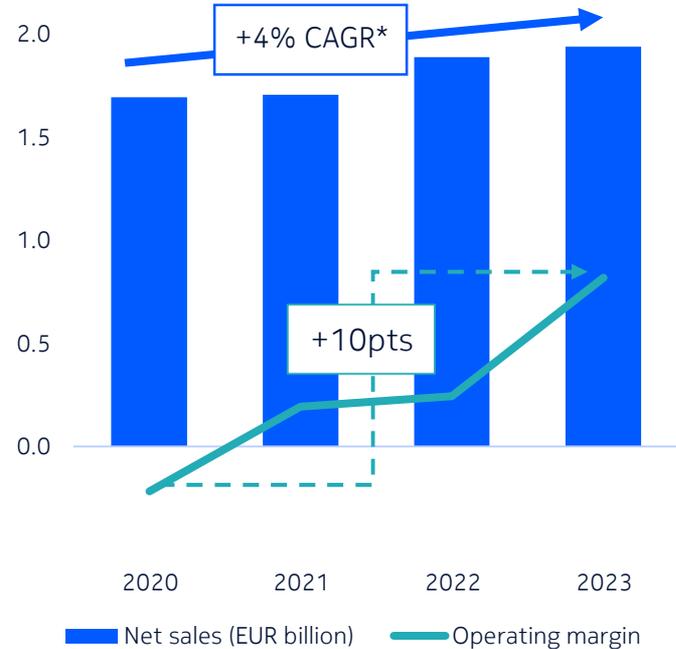
Industry-leading scale with 48 Tb systems



End-to-End Optical Network Automation

Enable network scale while simplifying operations
and lowering TCO leveraging AI/ML

Nokia Optical Networks financial performance

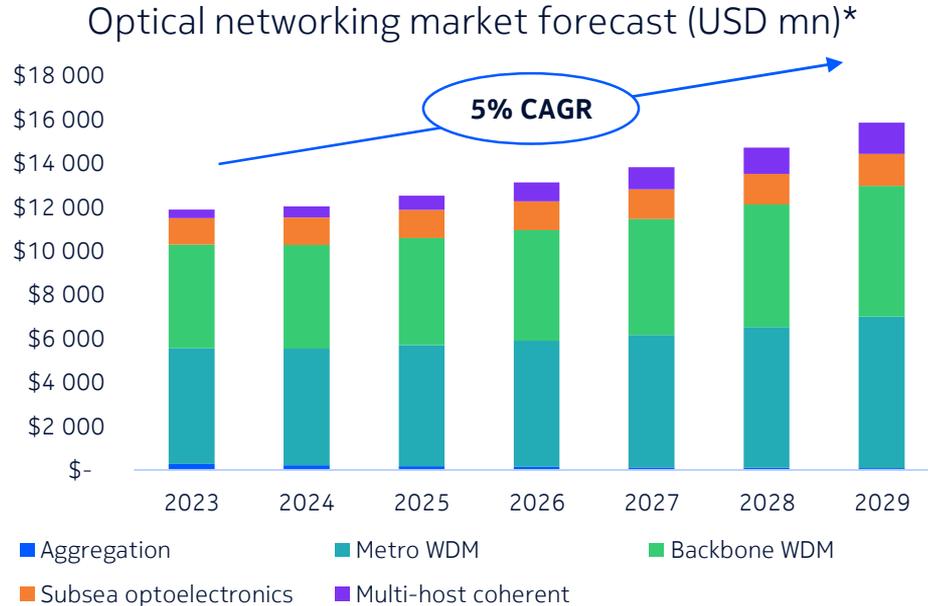


Source: Nokia



Optimal timing ahead of market recovery from 2025

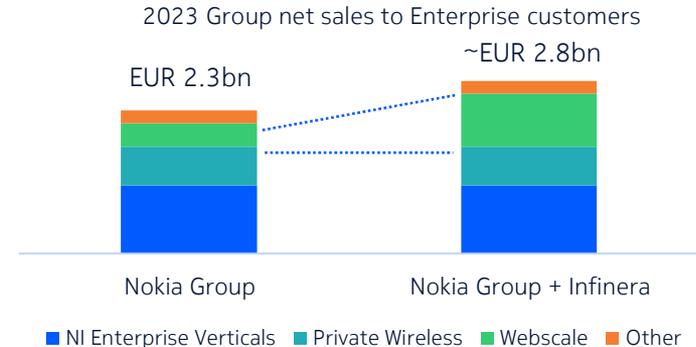
Combination anticipated to accelerate Nokia's growth in webscale



* Source: OMDIA Optical Networks forecast (ex. China) 2024-2029, May 2024

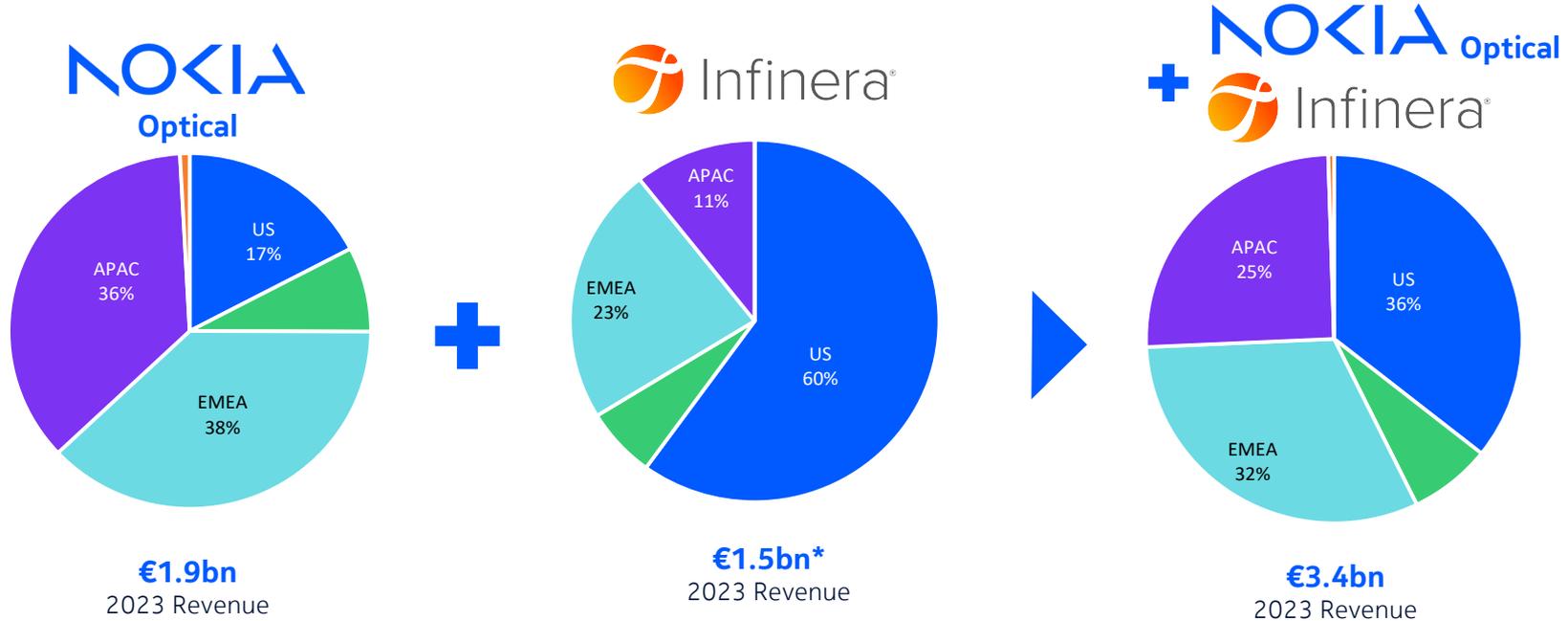
Increased scale in webscale

- Acquisition anticipated to increase Nokia's exposure to Webscale customers
- New opportunities in intra-data center optical requirements to support AI workloads



Highly complementary geographic footprints in Optical...

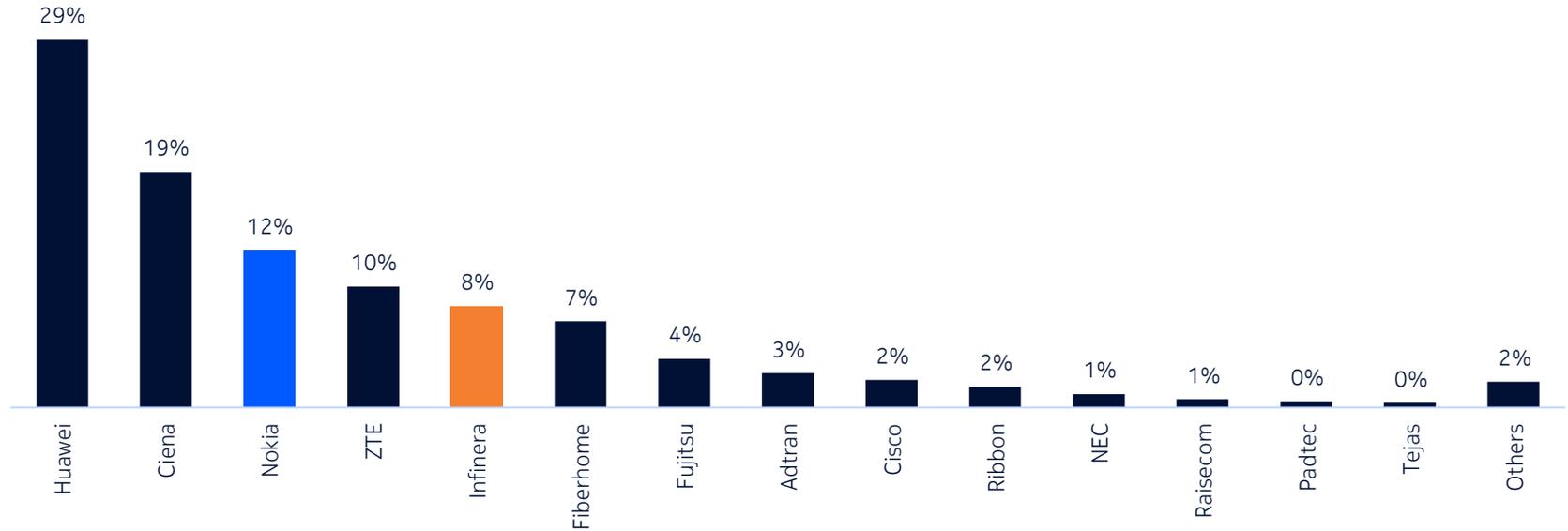
...Significantly strengthens Nokia's presence in optical in North American market



* Calculated assuming the 2023 average exchange rate of 1 EUR = 1.08 USD

Scale is critical in highly fragmented optical market

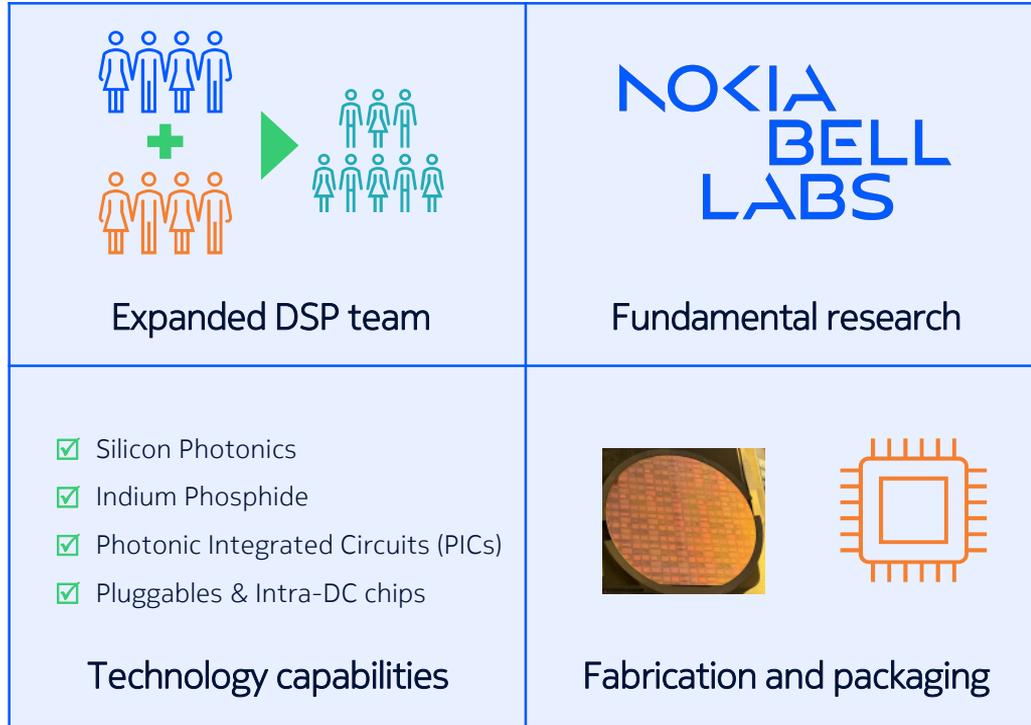
Share of optical networking (2023)*



* Source: OMDIA Optical Networks report Q4 2023

Combined company expected to deliver faster innovation

A special mix of ingredients that can deliver the best outcomes for customers

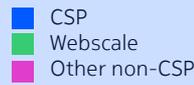


Faster innovation

**Accelerate product
roadmap**

**Broader product
offering**

Significantly improves Optical's operational and financial profile

				Combined optical business (proforma with full synergies)
Operational	Customer diversification 			
	% of net sales from North America (2023)*	17%	60%	36%
Financial	Net sales 2023	EUR 1.9 billion	EUR 1.5 billion***	EUR 3.4 billion
	Operating margin 2023**	High-single digit	Low-single digit	Solidly double-digit

* North America represents United States sales for Infinera

** Infinera non-GAAP operating margin also adjusted to include the effect of stock-based compensation expense; Combined includes share-based compensation and the full benefit of the targeted EUR 200 million of net comparable operating profit synergies.

*** Calculated assuming the 2023 average exchange rate of 1 EUR = 1.08 USD

Target EUR 200 million net comparable operating profit synergies by 2027*



Cost of sales

- Includes vendor contract negotiation, servicing efficiencies, increased verticalization potential and operational efficiency

Operating expenses

- Optimized portfolio will accelerate product roadmap and support greater investment and innovation
- Reduction in standalone entity costs of Infinera

Target operating profit synergies (EUR million)*



Integration costs – EUR 200 million

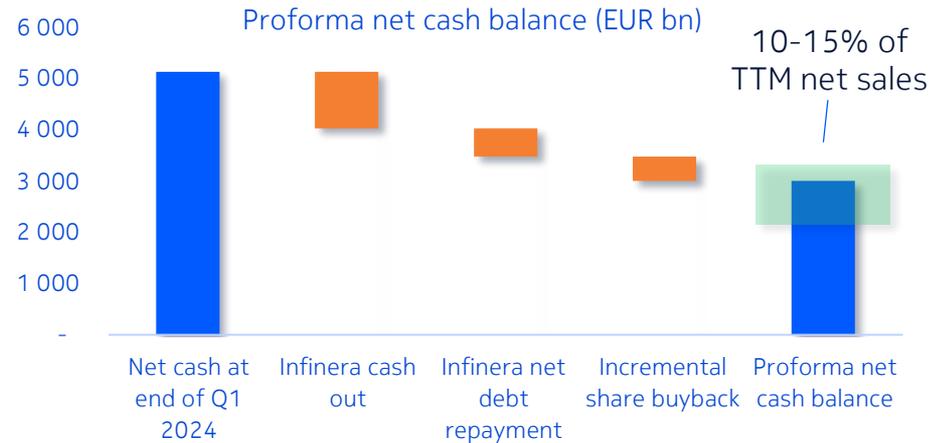
Nokia expects one-time integration costs related to the transaction and in generating the synergies of approximately EUR 200 million.

*Based on deal closure during H1 2025

Acquisition expected to generate over 10% EPS accretion

Pro forma net cash remains within target range

- ☑ Deal accretive to Nokia's comparable operating profit and EPS in year 1
- ☑ Over 10% comparable EPS accretion expected by 2027*
- ☑ Creating significant value for shareholders with strong return on investment



- At least 70% to be paid in cash with balance in Nokia stock
- Includes USD 760 million of debt/convertible repayment
- Share buyback program to be increased to offset share dilution

*Based on deal closure during H1 2025

Transaction strongly aligned to our corporate strategy

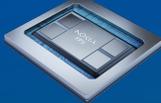
Nokia corporate strategy pillars



- Significant increase in scale in optical
- Acquisition will increase Nokia's sales to enterprise
- Strong position in Webscale with a number of recent design wins
- Acquisition of Infinera
- Sale of Submarine Networks
- Strengthened technology offering with increased verticalization in optical
- Strengthen our presence in the pluggable market
- Intra-DC chips that can provide lower power optical connectivity

Network Infrastructure strengthened with 3 market leading pillars

Attractive market leading provider of fixed network infrastructure

	Nokia Growth Opportunity	Net Sales 2023	Operating margin - 2023	Operating margin - aspiration	Key Competitors
Fixed Networks	 <ul style="list-style-type: none"> Demand for fiber build remains strong Mature markets starting to upgrade to XGS/25G-PON Government funding programs starting to impact Target mid-single digit growth 	EUR 2.4 bn	High teens	Mid to high teens	Adtran, Calix, Ciena, Fiberhome, Huawei, ZTE
IP Networks	 <ul style="list-style-type: none"> Continued ramp of FP5 and FPcx products Momentum in Enterprise/webscale market Target mid-single digit growth 	EUR 2.6 bn	Mid teens	High teens	Arista, Ciena, Cisco, Juniper, Huawei
Optical Networks*	 <ul style="list-style-type: none"> Increased scale to accelerate product roadmaps Well-positioned for webscale / AI opportunities Target mid-single digit growth 	EUR 3.4 bn	Mid single digit	Mid teens	Adtran, Ciena, Cisco, Fujitsu, Huawei, Ribbon, ZTE
Network Infrastructure	<ul style="list-style-type: none"> Target mid-single digit growth 	EUR 8.4 bn	~ 12%**	Mid to high teens	

* Combined proforma with Infinera; Operating margin including impact of share-based compensation

** Proforma operating margin for Network Infrastructure in 2023 reflecting the Infinera acquisition and recently announced sale of Submarine Networks

Key takeaways

Provides scale to accelerate and broaden product roadmap

Strengthens Nokia's optical presence in North America and in webscale

Nokia to become a global leader in Network Infrastructure with enhanced scale and reach

Accretive to comparable EPS / comparable operating profit in year 1; Target EUR 200 million net comparable operating profit synergies and over 10% comparable EPS accretion by 2027*

*Based on deal closure during H1 2025

Key transaction details

Transaction structure

- For each Infinera share, Infinera shareholders will be able to elect to receive either:
 - \$6.65 in cash;
 - 1.7896 Nokia ADSs; or
 - a combination of \$4.66 in cash and 0.5355 Nokia ADSs.
- The Nokia ADSs in the transaction will not exceed 30% of the aggregate consideration.
- Premium: 37% compared to Infinera's VWAP over the past 180-days
- Total enterprise value of \$2.3 billion including repayment of Infinera's existing net debt

Nokia balance sheet implications

- Nokia will use existing cash on hand to finance the transaction
- Nokia's Board commits to increase and accelerate share buyback to mitigate dilution of equity issuance
- Nokia expects to remain close to or within its 10-15% of net sales target net cash position post deal

Conditions and timing

- Transaction unanimously approved by both Nokia and Infinera Board of Directors
- Transaction subject to Infinera shareholder approval and regulatory approvals including antitrust, CFIUS and other foreign direct investment approvals
- Target to close the deal during the first half of 2025

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