

The Nokia logo is displayed in the top left corner in a bold, white, sans-serif font. The background of the entire slide is a photograph of a modern office building with a glass facade, surrounded by trees with vibrant autumn foliage in shades of red, orange, and yellow. A paved walkway leads towards the building, and a few people are seen walking in the distance. The sky is a clear, bright blue with some light clouds.

**NOKIA**

Q3 2020

Investor presentation  
29 October 2020

## Disclaimer

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It should be noted that Nokia and its business are exposed to various risks and uncertainties and certain statements herein that are not historical facts are forward-looking statements. These forward-looking statements reflect Nokia's current expectations and views of future developments and include the statements in the Outlook section and statements preceded by "believe", "expect", "expectations", "commit", "anticipate", "foresee", "see", "target", "estimate", "designed", "aim", "plan", "intend", "influence", "assumption", "focus", "continue", "project", "should", "is to", "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, including risks and uncertainties that could cause such differences can be both external, such as general, economic and industry conditions, as well as internal operating factors. We have identified these in more detail in our annual report on Form 20-F for the year ended December 31, 2019 under "Operating and Financial Review and Prospects—Risk Factors", our financial report for Q1/2020 published on 30 April 2020 on Form 6-K, and in our other filings or documents furnished with

the U.S. Securities and Exchange Commission, including Nokia's financial results reports. Other unknown or unpredictable factors or underlying assumptions subsequently proven to be incorrect could cause actual results to differ materially from those in the forward-looking statements. We do 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.

Nokia presents financial information on reported, non-IFRS and constant currency basis. Non-IFRS measures presented in this document exclude costs related to the acquisition of Alcatel-Lucent and related integration, goodwill impairment charges, intangible asset amortization and other purchase price fair value adjustments, restructuring and associated charges and certain other items that may not be indicative of Nokia's underlying business performance. In order to allow full visibility on determining non-IFRS results, information on non-IFRS exclusions is presented separately for each of the components of profit or loss.

Constant currency reporting provides additional information on change in financial measures on a constant currency basis in order to better reflect the underlying business performance.

Therefore, change in financial measures at constant currency excludes the impact of changes in exchange rates in comparison to euro, our reporting currency. Non-IFRS or constant currency financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS, and either of these financial measures as used by Nokia may not be comparable to similarly titled measures used by other companies or persons. Please see our complete financial report for more information on our results and financial performance for the indicated periods as well as our operating and reporting structure.

Proposed organizational changes referenced in this release may be subject to consultation with employee representatives in certain jurisdictions and are not considered final until such processes are completed.

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# Welcome

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Pekka Lundmark  
President and CEO

- 4. Q3 performance and full year guidance
- 15. Strategic update and operating model
- 26. 2021 financial expectations



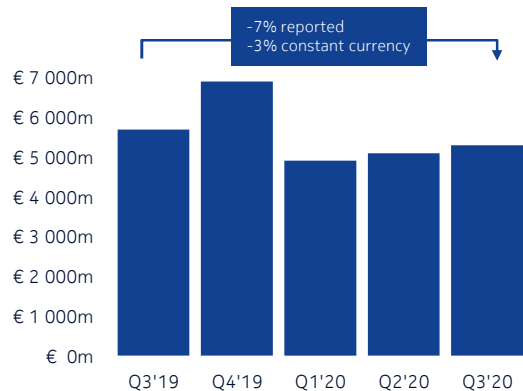
Marco Wirén  
CFO

- 30. Cash and liquidity position
- 32. Group Common and Other
- 33. Group level results

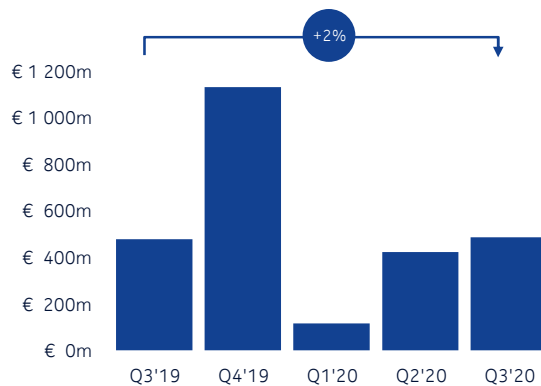
# Q3 performance

# Q3 2020 shows signs of progress

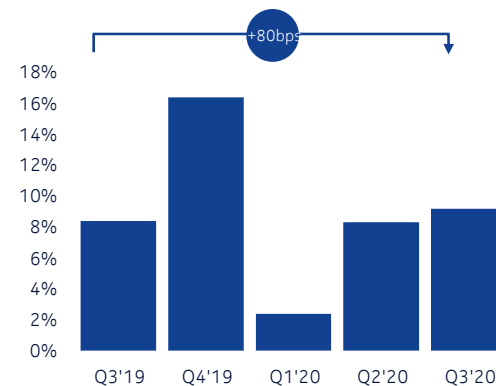
**Net sales**  
(non-IFRS)



**Nokia Group Operating profit**  
(non-IFRS)



**Nokia Group Operating margin**  
(non-IFRS)



## Fifth consecutive quarter of solid free cash flow

	Q3 2020	Change compared to Q2 2020	Change compared to Q4 2019
Total cash and current financial investments	€7.6bn	+0.1bn	+1.6bn
Net cash and current financial investments	€1.9bn	+0.3bn	+0.1bn

## Mobile Access

### Mobile Networks update

- Single-digit sales growth
- 5G powered by ReefShark shipments at 37%
- Expect stable 4G+5G market share at ~27%, excluding China, at end 2020
- 5G conversion rate, excluding China, low 90% range

### Global Services update

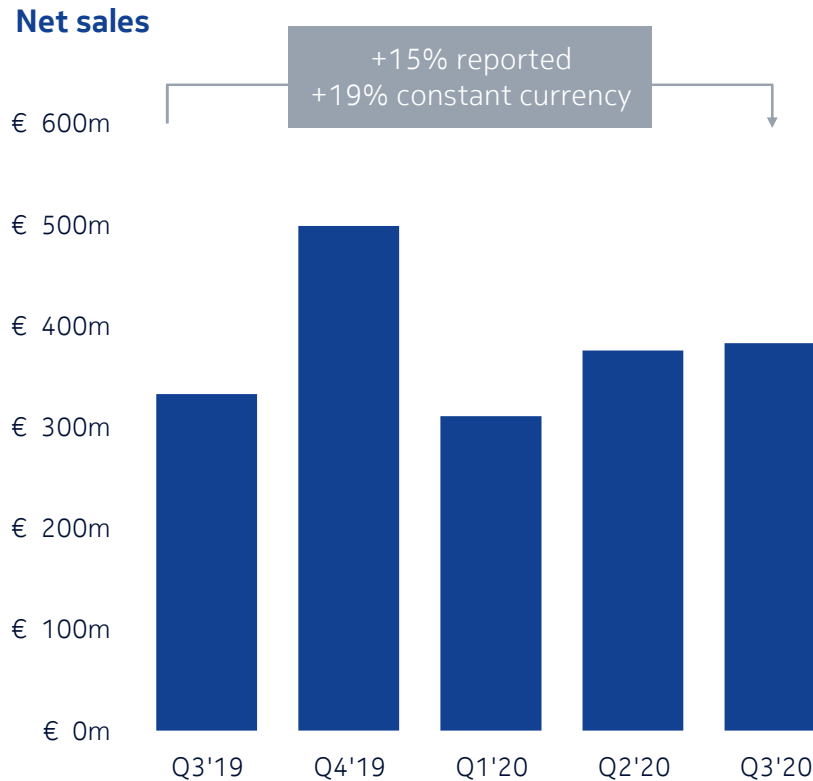
- Year-on-year sales down significantly
- Margins impacted by project loss provision
- Underlying significant operational improvements

### Mobile Access Net sales



# Nokia Enterprise

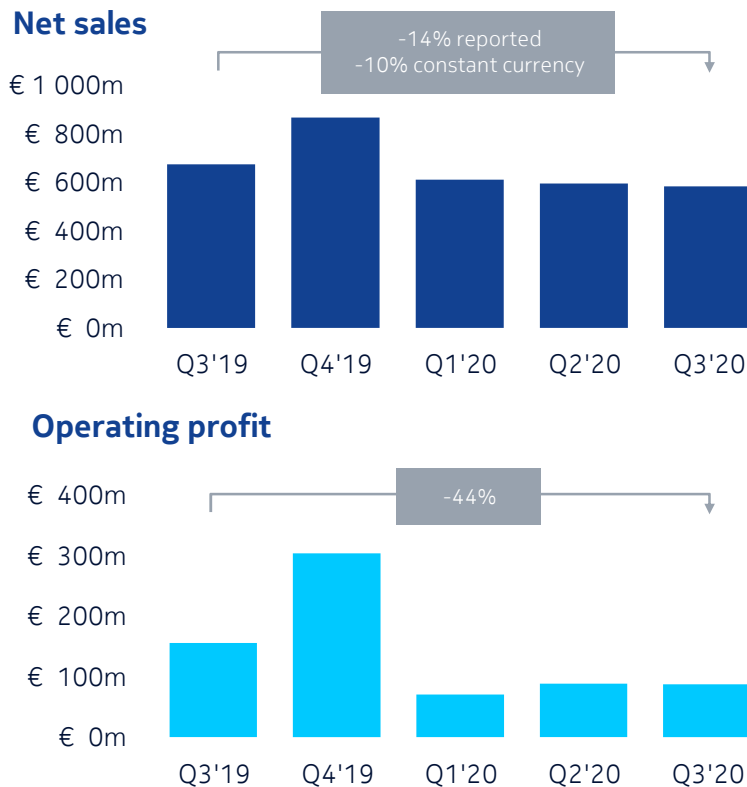
- Double-digit sales growth
- Demand remains robust
- 83 new customers, primarily private wireless





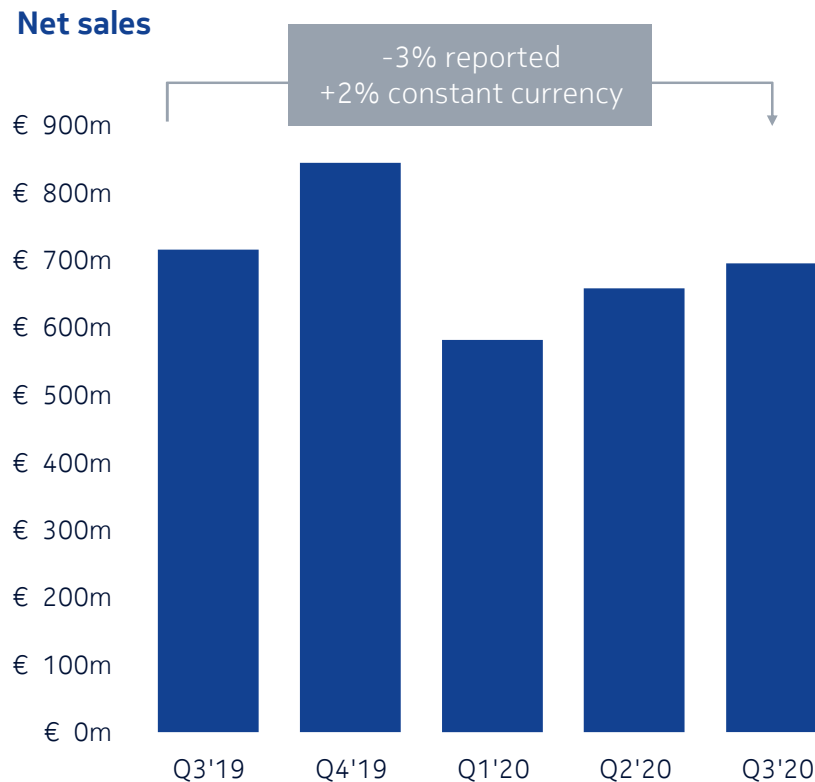
# Nokia Software

- Project delays and slower-than-expected CAPEX decisions
- Orders remain strong
- Largest ever sector contract win
- Ranked #1 by Analysys Mason



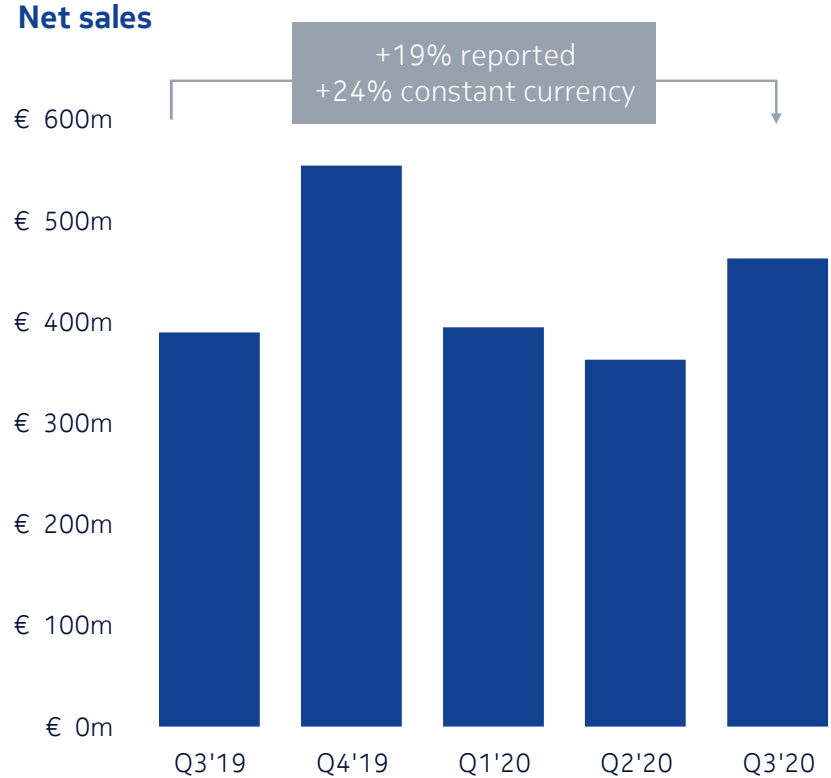
## IP Routing

- One of the best third quarters
- Gaining share with market-leading FP4 technology
- Strong pipeline of new products in 2021
- Orders slightly soft, potential coronavirus impact



# Optical Networks

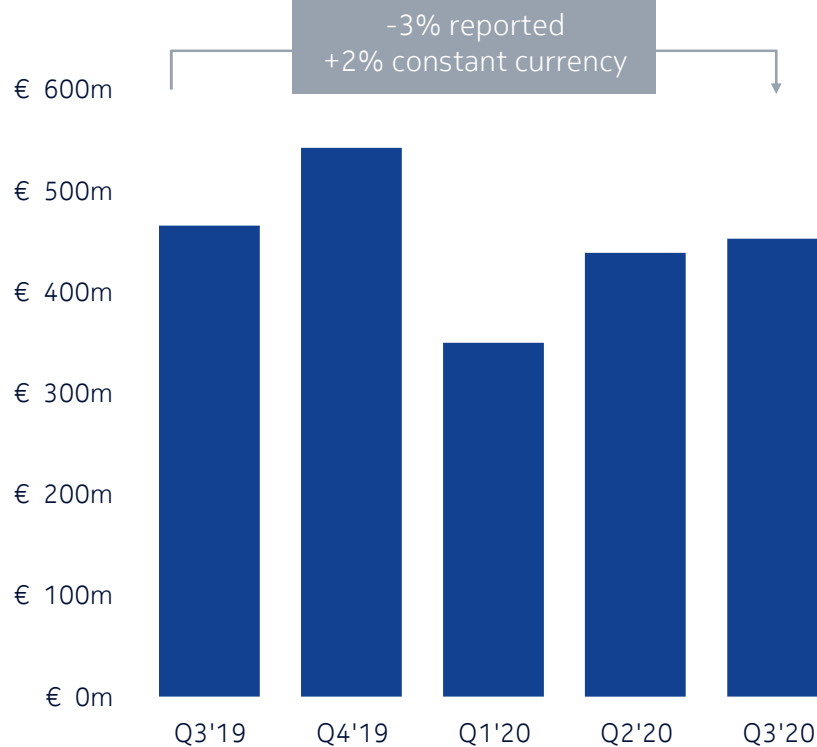
- Strong net sales
- Profitability remains roughly break-even
- Product cost reduction benefit in 2021 from Elenion acquisition



## Fixed Access

- Constant currency net sales increased, healthy margins
- Launched industry-leading 25G PON product
- Fiber surpassing copper
- Regional shift underway

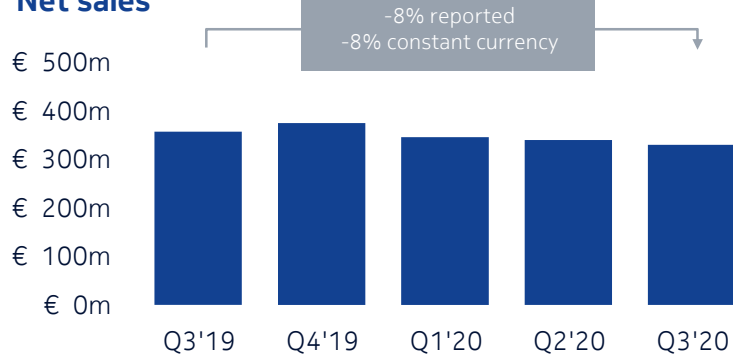
### Net sales



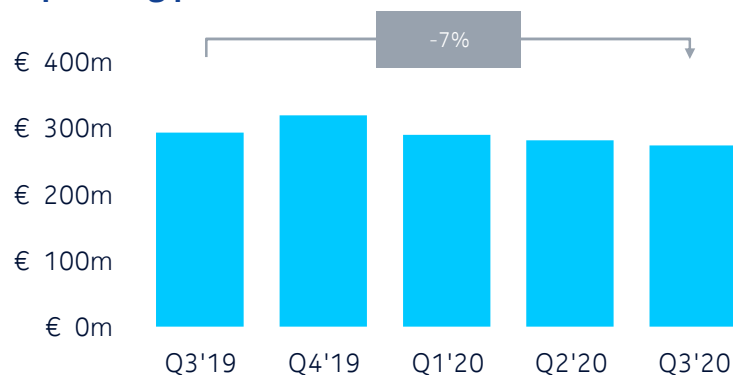
# Nokia Technologies

- Lower brand licensing royalties given coronavirus
- Renewed major patent license agreement
- Demonstrates strength of patent portfolio, including 5G

## Net sales



## Operating profit



# Adjusted 2020 outlook midpoints within the previously provided outlook ranges

## Full Year 2020

Non-IFRS diluted earnings per share	EUR 0.23 plus or minus 3 cents (adjusted from EUR 0.25 plus or minus 5 cents)
Non-IFRS operating margin	9.0% plus or minus 1.0 percentage point (adjusted from 9.5% plus or minus 1.5 percentage points)
Recurring free cash flow <sup>1</sup>	EUR 600 million plus or minus EUR 250 million (adjusted from clearly positive)

<sup>1</sup> Free cash flow = net cash from/(used in) operating activities - capital expenditures + proceeds from sale of property, plant and equipment and intangible assets - purchase of non-current financial investments + proceeds from sale of non-current financial investments.

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# Strategic update

# Trends driving our strategic direction

1. Need for operators to support massive capacity demands while facing CAPEX constraints
2. Acceleration toward open architectures and virtualization
3. Increasing demand for high-performance networks from enterprises
4. As-a-service offerings will keep expanding in mission-critical networks for enterprises and telco operators
5. Trust and security will grow even further in importance
6. Value will migrate from integrated systems to cloud native software, as well as enabling silicon and photonics



# Strategic drivers

1.

Technology leadership is our #1 priority

2.

Telco operator and enterprise customer base offers a solid platform for value creation

3.

See a longer-term opportunity to lead in network-as-a-service business models

4.

Shift away from “end-to-end” strategic idea to focused businesses with distinct roles

# Goals of our new operating model

1.

Better alignment to how customers buy

2.

Improve accountability

3.

Increase simplicity and cost efficiency

4.

Ensure a consistent strategic logic

5.

Improve transparency

# Mobile Networks

## Portfolio

- Mobile Network products
- Network deployment and technical support services
- Related network management software

## Revenue

- Net sales in the last four quarters for this business group were approximately EUR 10 billion\*

## Focus

- Turnaround mindset
- Full portfolio to address mobile access customer needs
- Leadership in 5G, ORAN and vRAN

## Leader



Tommi Uitto

\* Indicative only

# IP and Fixed Networks

## Portfolio

- IP Routing
- Optical Networks
- Fixed Networks
- Alcatel Submarine Networks

## Revenue

- Net sales in the last four quarters for this business group were approximately EUR 7 billion\*

## Focus

- Address customers' needs with cost effective solutions that provide higher capacity, greater reliability, faster speeds

## Leader



Federico Guillén

\* Indicative only

# Cloud and Network Services

## Portfolio

- Nokia Software
- Enterprise solutions
- Voice and packet core
- Managed, security and advanced services

## Revenue

- Net sales in the last four quarters for this business group were approximately EUR 3 billion\*

## Focus

- Cloud-based delivery
- Network-as-a-service
- Software-led value creation

## Leader



Raghav Sahgal

\* Indicative only

# Nokia Technologies

## Portfolio

- Licensing business

## Revenue

- Net sales in the last four quarters for this business group were approximately EUR 1.4 billion\*

## Focus

- Generate royalties from mobile devices
- 5G patents and renewal deals
- Expand patent licensing
- Brand licensing

## Leader



Jenni Lukander

\* Indicative only

# Customer Experience organization

## Responsibility

- Common interface to customers
- Act as voice of our customers company-wide
- Build strong relationships and business opportunities

## Functions

- Customer teams
- Region and country management
- Marketing

## Leader



Ricky Corker

# Corporate functions

Finance

Legal and  
Compliance

People

Strategy and  
Technology



# New operating model



# Full year 2021 financial guidance

## Full Year 2021

Non-IFRS operating margin

7 - 10% (new)

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# Looking forward

Strategy update: December 16, 2020

Capital Markets Day: March 18, 2021

# CFO remarks

# CFO remarks

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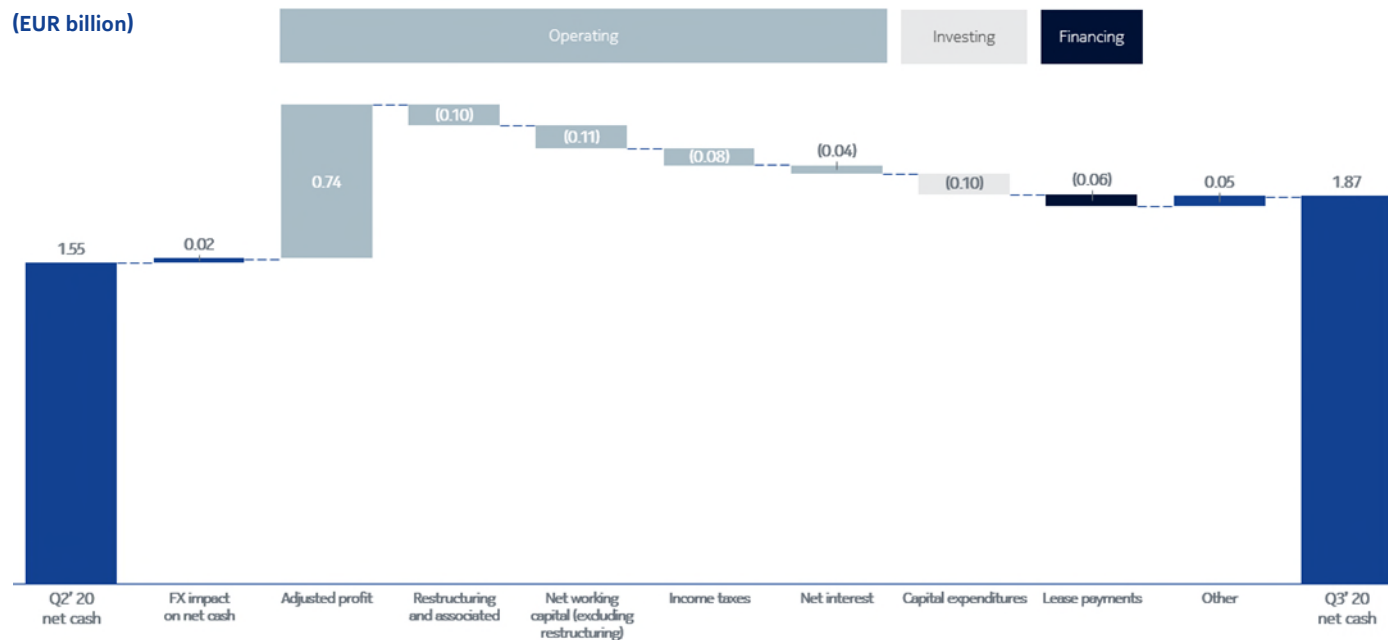


**Marco Wirén**  
CFO

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# Change in net cash

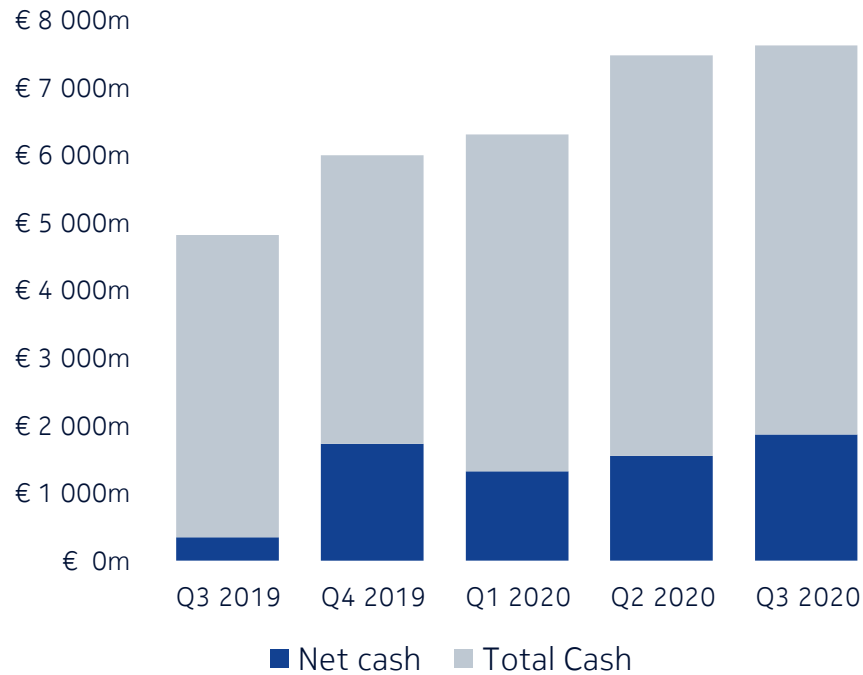
Free cash flow of EUR 319 million



## Liquidity position

- Solid total cash position of EUR 7.6 billion
- Net cash position of EUR 1.9 billion
- EUR 1.5 billion revolving credit facility

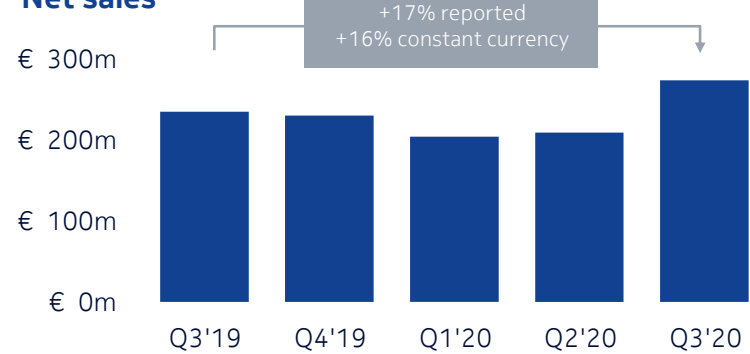
### Total and net cash and current financial investments



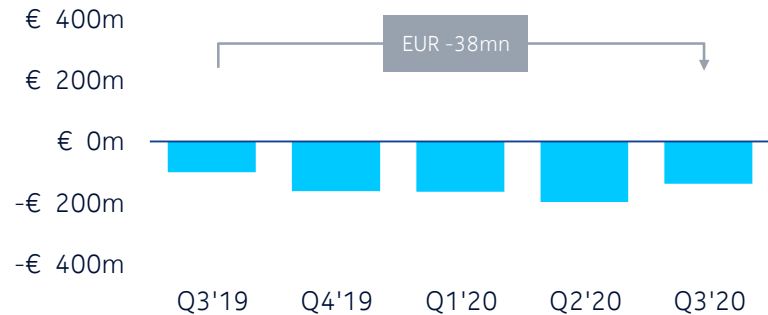
## Group Common and Other

- Growth driven by Alcatel Submarine Networks (ASN)
- ASN order book continues to be very strong
- Group Common and Other operating profit negatively impacted by net negative fluctuation in the value of our venture fund investments

### Net sales



### Operating profit





# Nokia Group

## Cost savings program

- Remain on track to meet EUR 500 million target by end of 2020
- Operating expenses also lower due to temporary benefits related to COVID-19
- Expect our full year 2020 non-IFRS operating expenses to total approximately EUR 6.3 billion

In EUR million, approximately	Total expected	Recorded as of Q3 2020	To be recorded in Q4 2020	To be recorded beyond 2020
Restructuring and associated charges related to our most recent cost savings program	1 000	750	250	0
Restructuring and associated cash outflows	1 400	750	100	550

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Q&A

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