

A modern multi-story office building with a glass and brick facade. The building features a prominent curved glass section and a red brick section. The sky is clear blue, and there are trees in the foreground.

# Q1 2021

Investor presentation

29 April 2021

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# Welcome

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**Pekka Lundmark**  
President and CEO

- 4. Q1 performance
  - 11. Business Groups' results
  - 15. Our three-phased plan
- 



**Marco Wirén**  
CFO

- 19. Group Common and Other
- 20. Cash and liquidity position
- 22. 2021 addressable market
- 23. 2021 Outlook

# Q1 performance

# A robust start to the year

Sales growth driving margin increase  
and strong cash generation

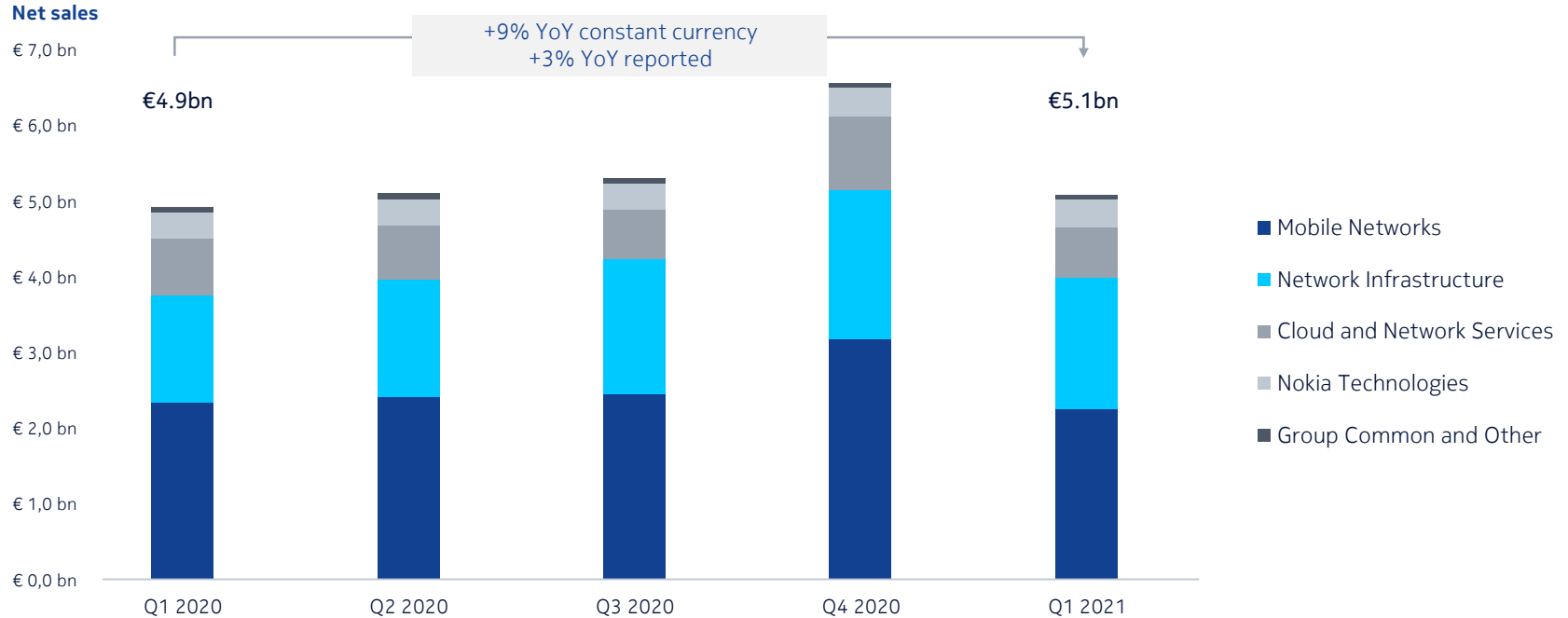
Scale

On track to deliver on our  
plan to achieve sustainable,  
profitable growth and  
technology leadership

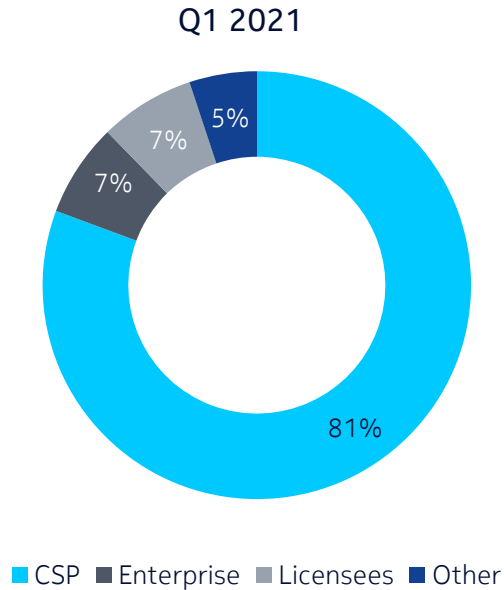
Accelerate

Reset

# Net sales increase driven by Network Infrastructure and Mobile Networks



# Enterprise double-digit growth fuelled by 63 new customers

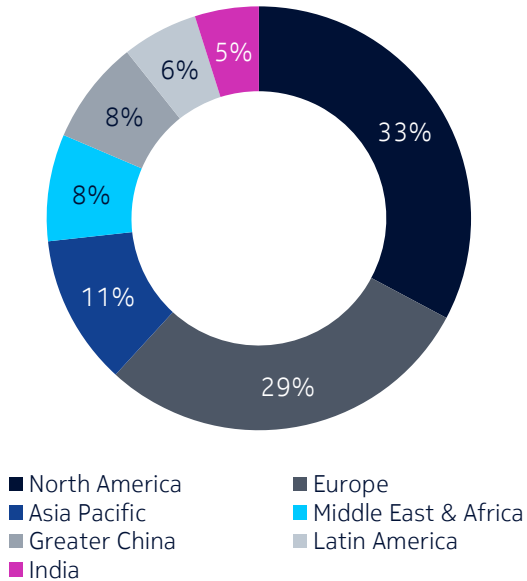


Enterprise customers	YoY reported	YoY constant currency
Q1 2021	+14%	+18%

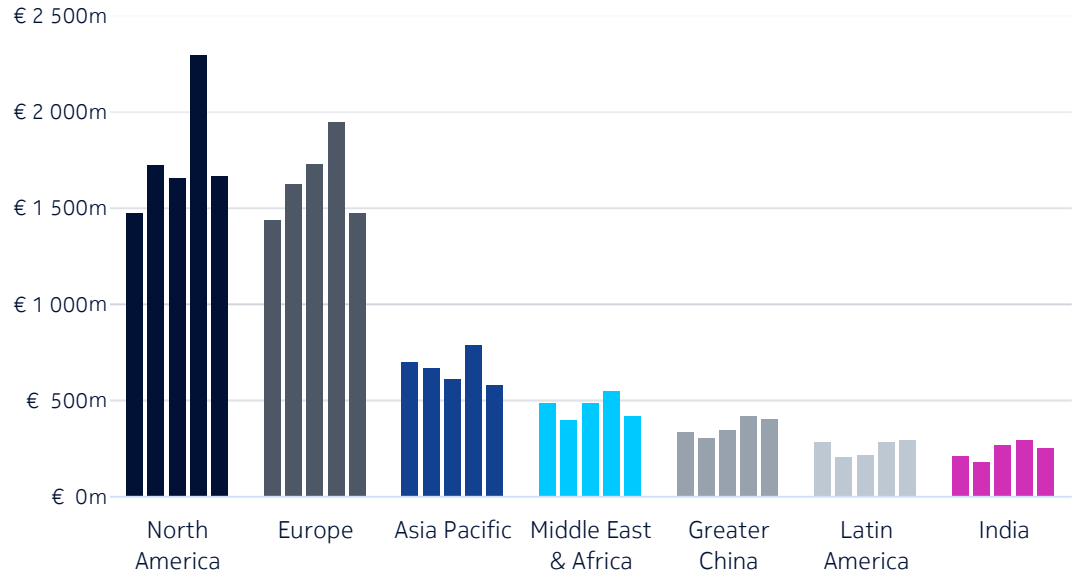


# Strong sales growth in North America and Greater China

Q1 2021



Q1 2020 – Q1 2021 net sales





# Improvement across all key figures

Q1 21 net sales

€5.1bn

Q1 20: €4.9bn

Q1 21 net cash

€3.7bn

Q4 20: €2.5bn

Q1 21 total cash

€8.8bn

Q4 20: €8.1bn

Q1 21 gross margin

38.2%  
(comparable)

37.9%  
(reported)

Q1 20: 36.4%

Q1 21 operating margin

10.9%  
(comparable)

8.5%  
(reported)

Q1 20: 2.4%

Q1 21 EPS, diluted

€0.07  
(comparable)

€0.05  
(reported)

Q1 20: €0.01

# Maintaining our financial outlook for 2021

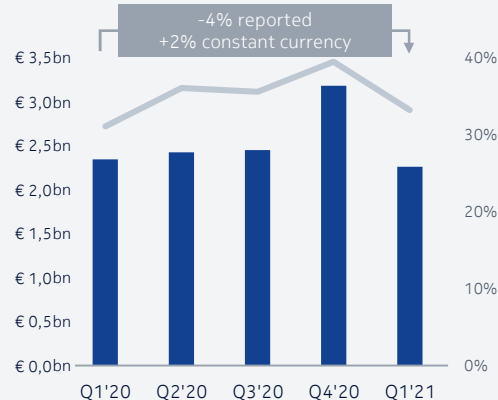
Q1 provides a good foundation for achieving the higher end of the 7 to 10% comparable operating margin range for full year 2021

# Mobile Networks delivered a solid first quarter with an uptick in profitability

## €2.3bn

Q1 net sales

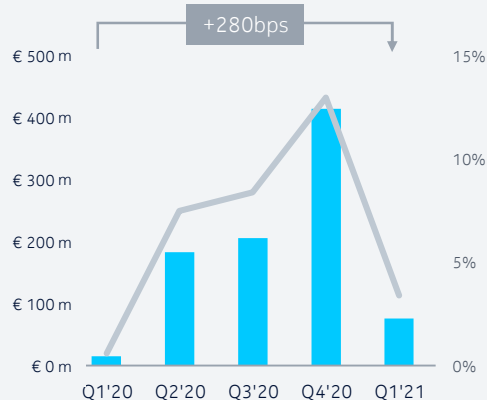
Net sales and comparable gross margin



## 3.4%

Q1 comparable operating margin

Comparable operating profit and margin



On track with KPIs:

~70% ReefShark share by end of year 2021

4G/5G conversion rate at 90%\*

4G/5G market share of ~25-27%\* in full year 2021

\* Excluding China

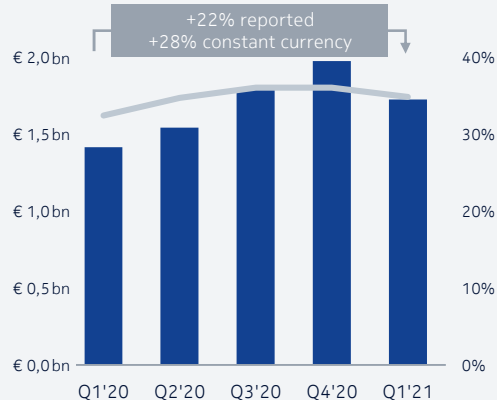
160 commercial 5G deals, 220+ commercial 5G agreements, 63 live 5G network deployments

# Network Infrastructure had an excellent quarter across its businesses

## €1.7bn

Q1 net sales

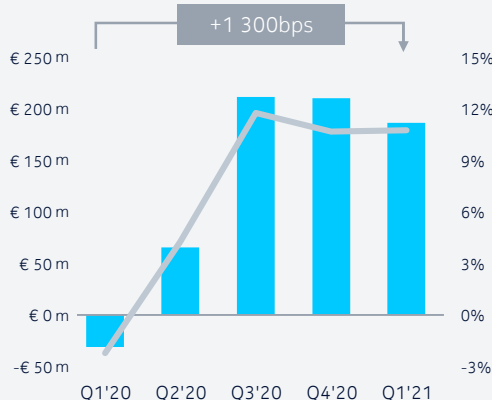
Net sales and comparable gross margin



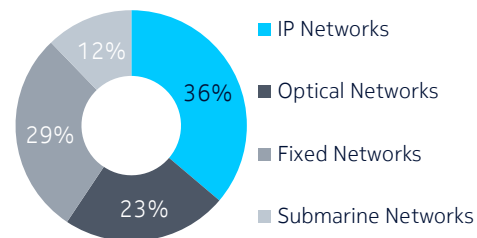
## 10.8%

Q1 comparable operating margin

Comparable operating profit and margin



Net sales by business



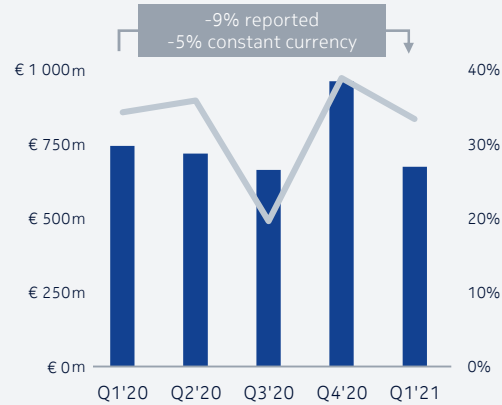
Strong constant currency sales growth in Fixed Networks (+49%) and Submarine Networks (+57%)

# Cloud and Network Services is on track with transformation

## €674m

Q1 net sales

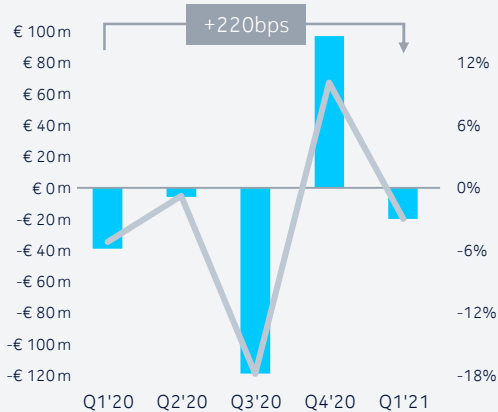
Net sales and comparable gross margin



## (3.0)%

Q1 comparable operating margin

Comparable operating profit and margin



Rebalancing R&D spend and investing to capture leadership in growth areas

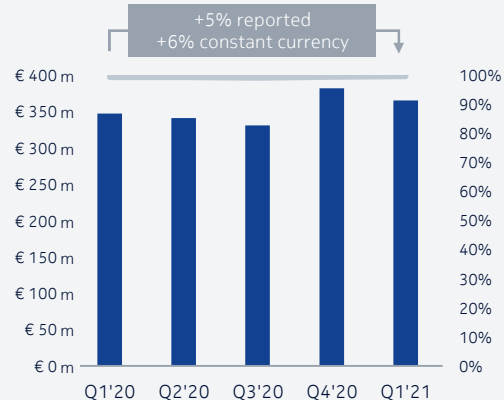
Gained several wins including in our security and 5G core portfolios

# Nokia Technologies delivered strong results

## €365m

Q1 net sales

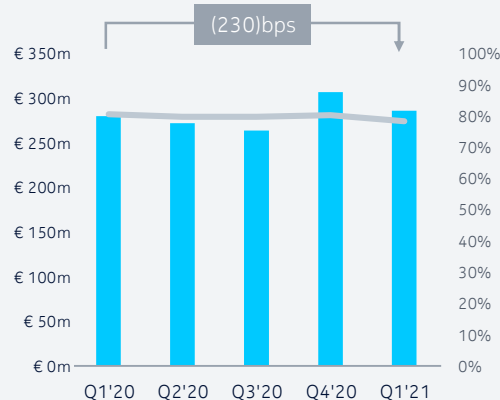
Net sales and comparable gross margin



## 78.4%

Q1 comparable operating margin

Comparable operating profit and margin



New agreements drive growth and validate our multimedia and cellular patent portfolios

Continued industry leadership with over 3,500 patent families declared essential for 5G

# Well on track with our three-phased plan

2021 focus

2022 and mid term

## Reset

- Technology leadership
- Operating model
- Mobile Networks
- Lower cost base
- Purpose and culture
- Leadership team

## Accelerate

- Enhance technology leadership
- Digitalization
- Automation
- Emerging opportunities

## Scale

- New use cases
- New business models



# Driving sustainable progress, with integrity



## Q1 highlights

50%

target to reduce emissions from 2019-2030

26%

minimum target of external female hires in 2021

2021 **WORLD'S MOST ETHICAL COMPANIES™**  
WWW.ETHISPHERE.COM  
**5-TIME HONOREE**

\* "World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.

We have a good foundation  
to build on



# CFO remarks

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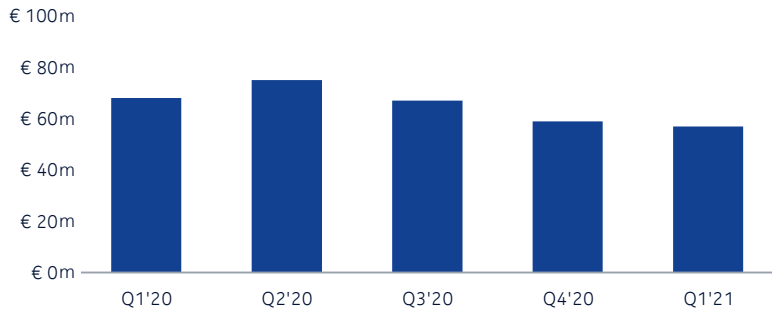


Marco Wirén  
CFO

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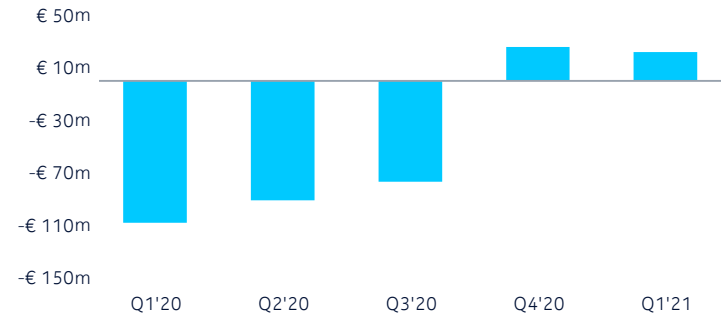
# Group Common and Other profitability benefited from venture fund investments

## Net sales



Decrease in net sales driven by Radio Frequency Systems

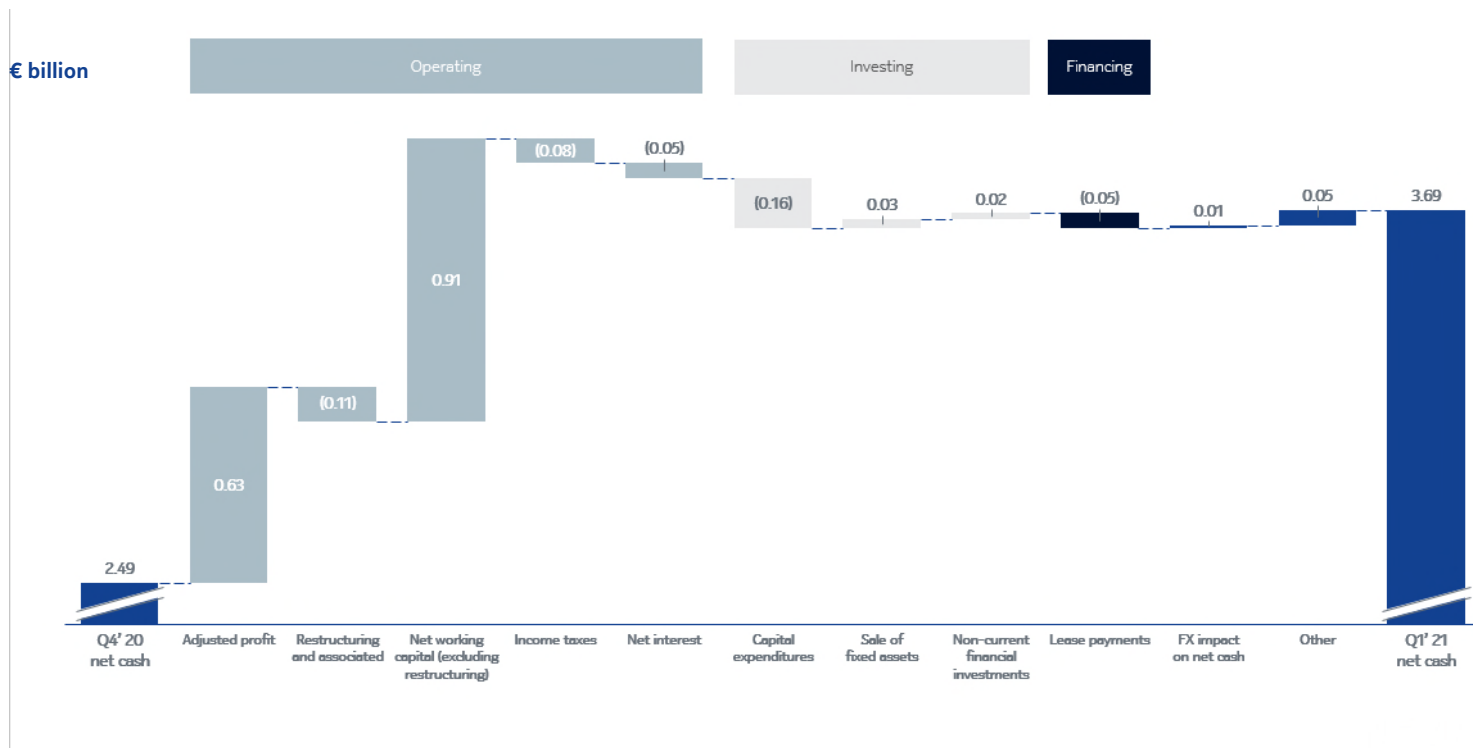
## Comparable operating profit



Q1 2021 and Q4 2020 comparable operating profit benefited from gains related to our venture fund investments

# Strong Q1 cash performance, driven by profit and receivables

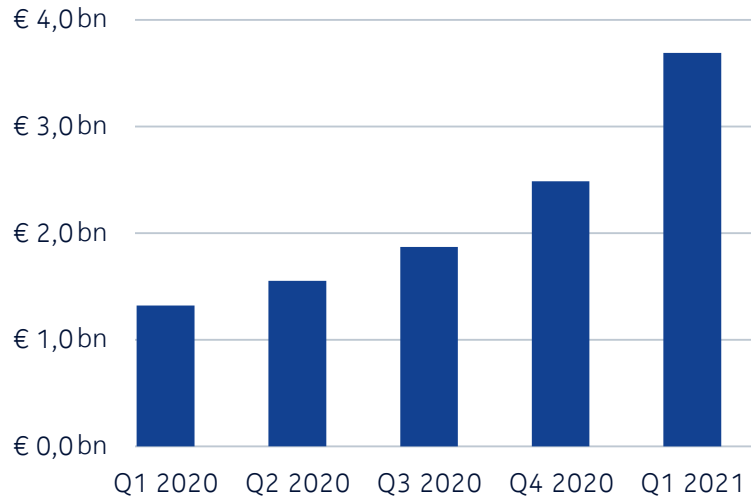
Free cash flow of €1.2bn



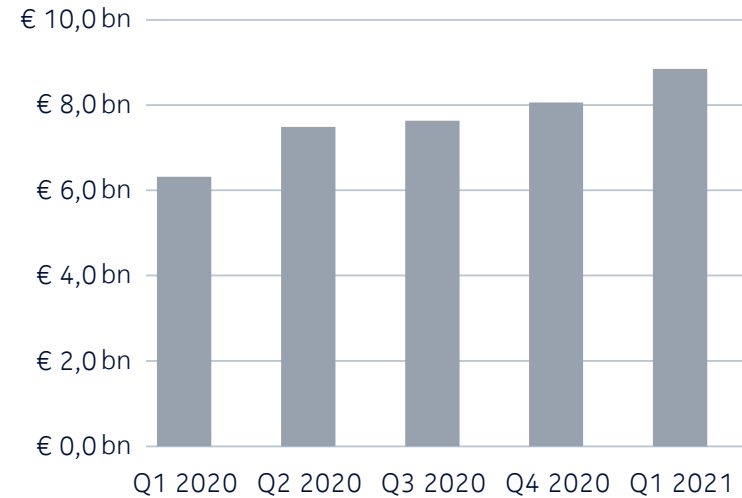
# Solid liquidity enables investments to secure technology leadership

Net cash of €3.7bn and total cash of €8.8bn

## Net cash and current financial investments



## Total cash and current financial investments





# Slight improvement in Mobile Networks 2021 addressable market

Calculated using the 2020 year-end EUR/USD rate of 1.23

Estimated, in €	2021 (as of Q1 2021)	2021 (as of Q4 2020)	2020
Mobile Networks <sup>1</sup>	44bn	43bn	45bn
Network Infrastructure <sup>2</sup>	42bn	42bn	42bn
Cloud and Network Services	24bn	24bn	25bn
Total addressable market	110bn	109bn	111bn

<sup>1</sup>Excluding China

<sup>2</sup>Excluding Submarine Networks



# Full Year 2021 and 2023 Outlook maintained

	Full year 2021	Full year 2023
Net sales, adjusted for currency fluctuations <sup>1</sup>	€20.6 billion to €21.8 billion	Grow faster than the market
Comparable operating margin <sup>2</sup>	7 to 10%	10 to 13%
Free cash flow <sup>3</sup>	Positive	Clearly positive
Comparable ROIC <sup>2,4</sup>	10 to 15%	15 to 20%

<sup>1</sup>Assuming continuation of 2020 year-end EUR/USD rate of 1.23

<sup>2</sup>Comparable measures exclude intangible asset amortization and other purchase price fair value adjustments, goodwill impairments, restructuring related charges and certain other items affecting comparability. Refer to Note 10, Performance measures, in the Financial information section of Interim Report for Q1 2021.

<sup>3</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

<sup>4</sup>Comparable ROIC = comparable operating profit after tax, last four quarters / invested capital, average of last five quarters' ending balances. Refer to Note 10, Performance measures, in the Financial information section of Interim Report for Q1 2021.

# Q&A

**NOKIA**