



Q2 2021

Investor presentation

29 July 2021

NOKIA

Disclaimer

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 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 the 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, 2020 under "Operating and Financial Review and Prospects—Risk Factors", 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, comparable and constant currency basis. Comparable measures presented in this document exclude intangible asset amortization and other purchase price fair value adjustments, goodwill impairments, restructuring related charges and certain other items affecting comparability. In order to allow full visibility on determining comparable results, information on items affecting comparability 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. As comparable or constant currency financial measures are not defined in IFRS they may not be directly comparable with similarly titled measures used by other

companies, including those in the same industry. The primary rationale for presenting these measures is that the management uses these measures in assessing the financial performance of Nokia and believes that these measures provide meaningful supplemental information on the underlying business performance of Nokia. These financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS.

Nokia is a registered trademark of Nokia Corporation. Other product and company names mentioned herein may be trademarks or trade names of their respective owners.

Welcome



Pekka Lundmark
President and CEO

- 4. Q2 highlights
- 5. Strategy progress
- 6. Business group highlights
- 19. Outlook



Marco Wirén
CFO

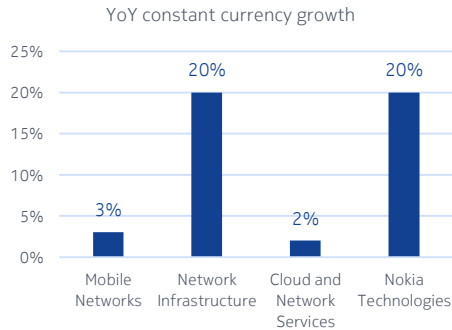
- 12. Addressable market
- 13. Q2 financial performance
- 17. Cash flow
- 18. Venture funds

Strong financial performance across all segments

Q2 21 net sales

+9%

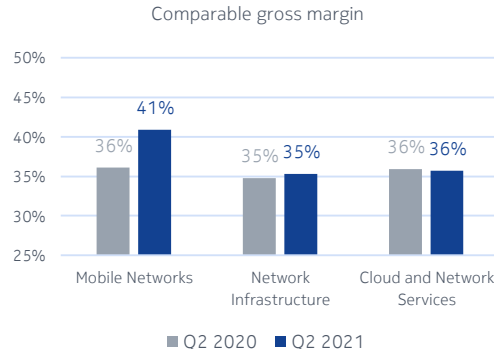
(year-over-year at constant currency)



Q2 21 gross margin

42.3% | +270 bps YoY

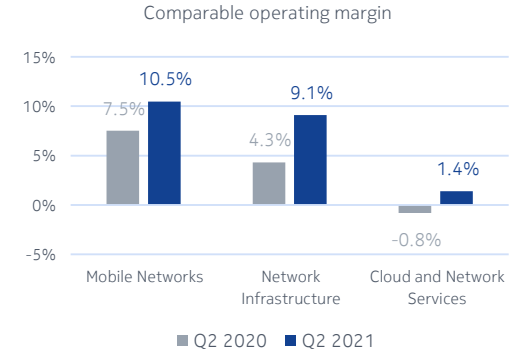
(comparable)



Q2 21 operating margin

12.8% | +450 bps YoY

(comparable)



Good progress in Q2 on our three-phase strategy

Reset

Mobile Networks

- AirScale radio and baseband launch
- Increased R&D investment
- Winning back customers

Cloud & Network Services

- Portfolio rebalancing under way, but showing underlying profitability

Accelerate

Network Infrastructure

- +20% sales growth in Q2*
- Gaining market share
- Further product launches in H2

Cloud & Network Services

- Over 150 customers for 5G Core
- Now over 340 private wireless deals up from 250 start of the year

Scale

Nokia Technologies

- Two automotive licenses signed

Network Infrastructure

- Sustained market share gains particularly in fixed networks

*in constant currency

New AirScale product launch boosts our competitiveness

Next-generation AirScale 5G portfolio powered by ReefShark technology



- Widest bandwidth radios and industry's lightest 32TRX mMIMO active antenna
- Highest capacity baseband with up to 75% better power efficiency
- Important step in reducing environmental footprint
- New ReefShark SoCs
- O-RAN ready



On track with KPIs

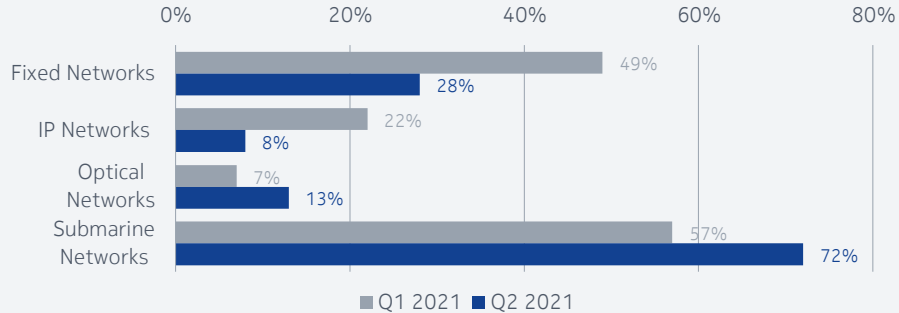
- ~70% ReefShark share by end of 2021
- 4G/5G conversion rate at 90%*
- 4G/5G market share of ~25-27%* in full year 2021

*Excluding China

Winning back customers in Canada and China

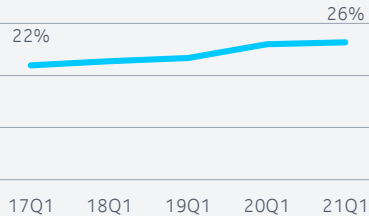
Network Infrastructure gaining share in growing markets

YoY constant currency net sales growth

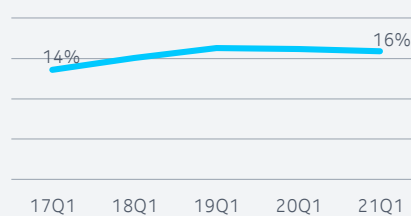


- Strong H1 growth for all businesses
- Gaining share in a growing market
- New product launches to come in H2
- Backlog starting to flow through into sales in Submarine Networks

IP Routing Market share*



Optical – WDM + OMSN*



*Source: Dell'Oro – 4 quarter rolling Global ex. China market share

Portfolio rebalancing on track in Cloud and Network Services

5G Core customers

>150

Private Wireless customers



- We are on track with portfolio rebalancing
- Accelerating investment in growth areas
- Deployed 5G SA Core for DISH on AWS
- >340 private wireless customers

Nokia Technologies progress in Automotive

Expanded automotive licensing program, signing two new agreements in Q2 2021, underlining strength of cellular portfolio

#1

PA Consulting ranked Nokia as #1 in 5G Standard Essential Patents

Continued industry leadership with

+3,500

patent families declared essential for 5G

Continue to renew our patent portfolio

Enterprise pipeline remains strong

Q2 21 net sales

-2%

H1 21 net sales

+7%

(year-over-year
at constant currency)

- Q2 growth slowed due to tough comparison
- 63 new customers in Q2
- Confidence in pipeline and full year

CFO remarks



Marco Wirén
CFO

- 12. Addressable market
- 13. Q2 performance
- 17. Cash flow
- 18. Venture funds

Improving outlook for Mobile Networks 2021 addressable market

Estimated, in €	2021 (as of Q2 2021)	YoY (at const. ccy)		YoY (prior estimate)
Mobile Networks ¹	46bn	+6%	↑	+3%
Network Infrastructure ²	42bn	+4%	—	+4%
Cloud and Network Services	26bn	+4%	↑	+2%
Total addressable market	113bn	+5%	↑	+3%

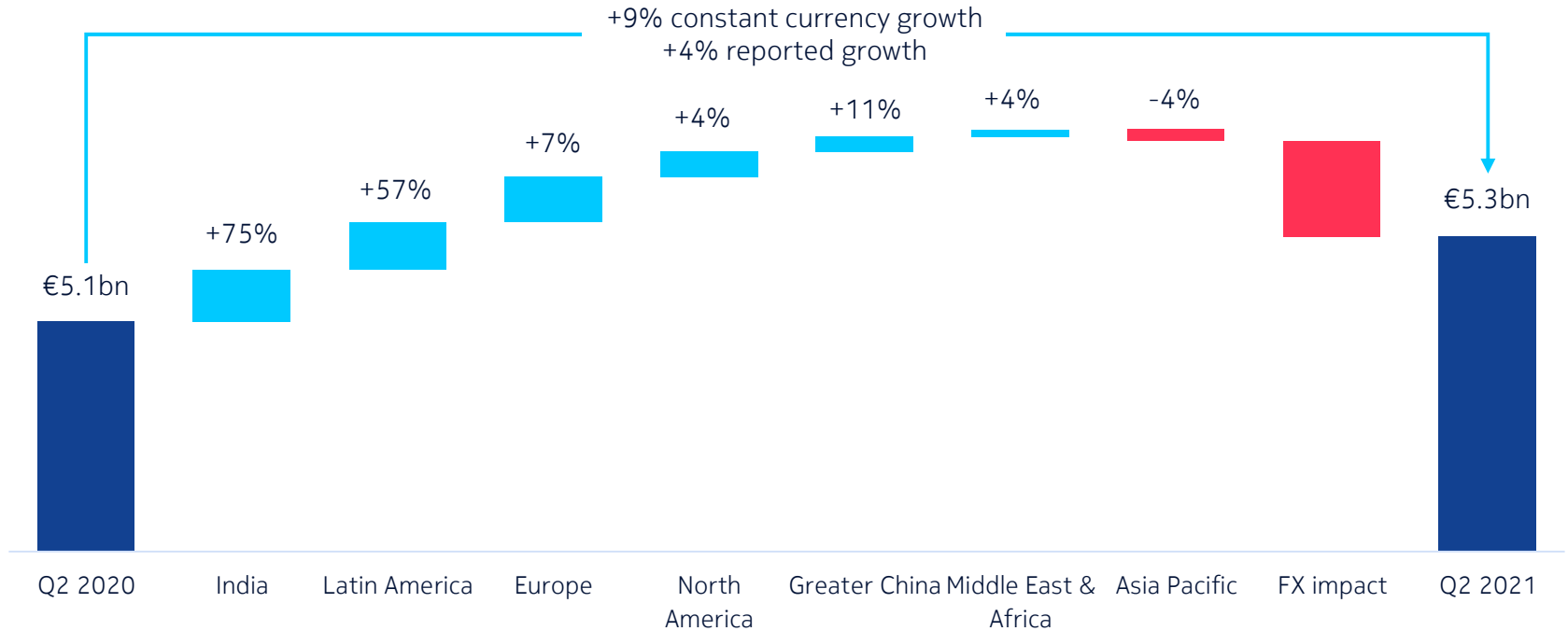
¹Excluding China

²Excluding Submarine Networks

Market size calculated assuming actual currency rates for first half 2021 and end of June EUR/USD rate of 1.19 continues in the second half 2021

Broad-based growth with most regions contributing

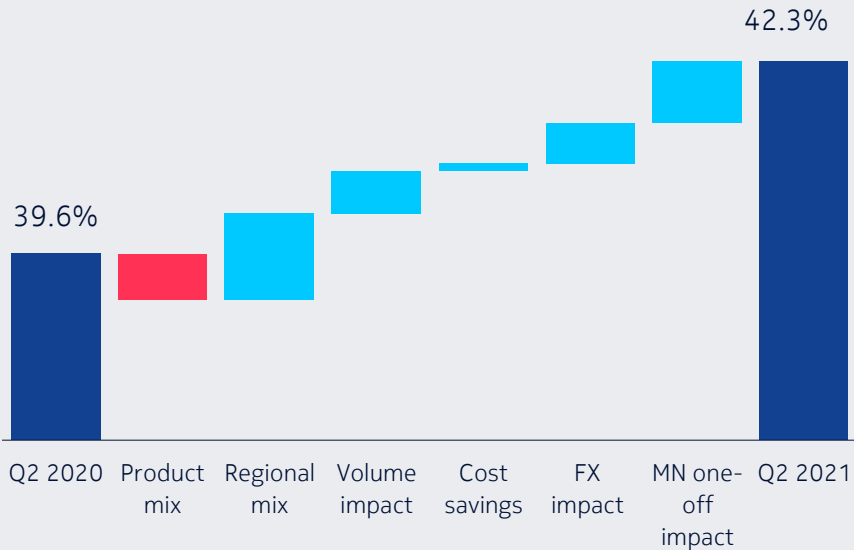
Year-over-year at constant currency



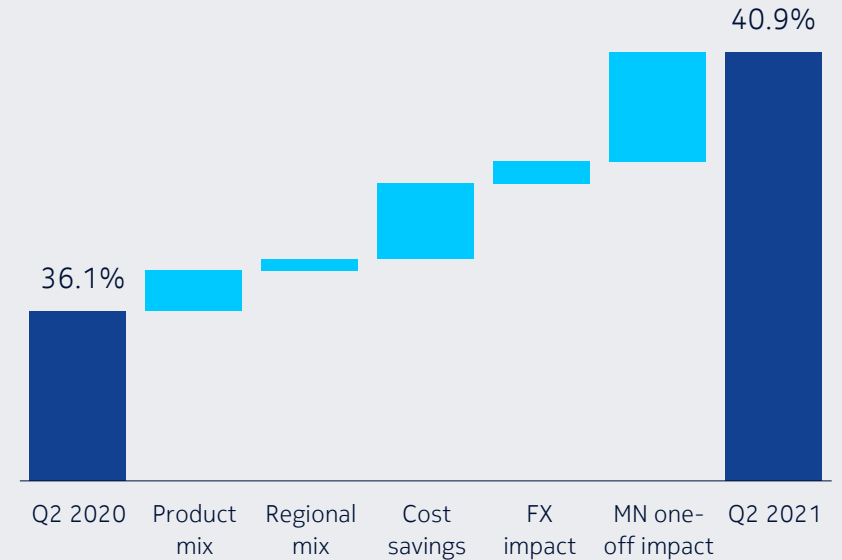
Strong underlying improvements in gross margin

Also helped by a one-off benefit

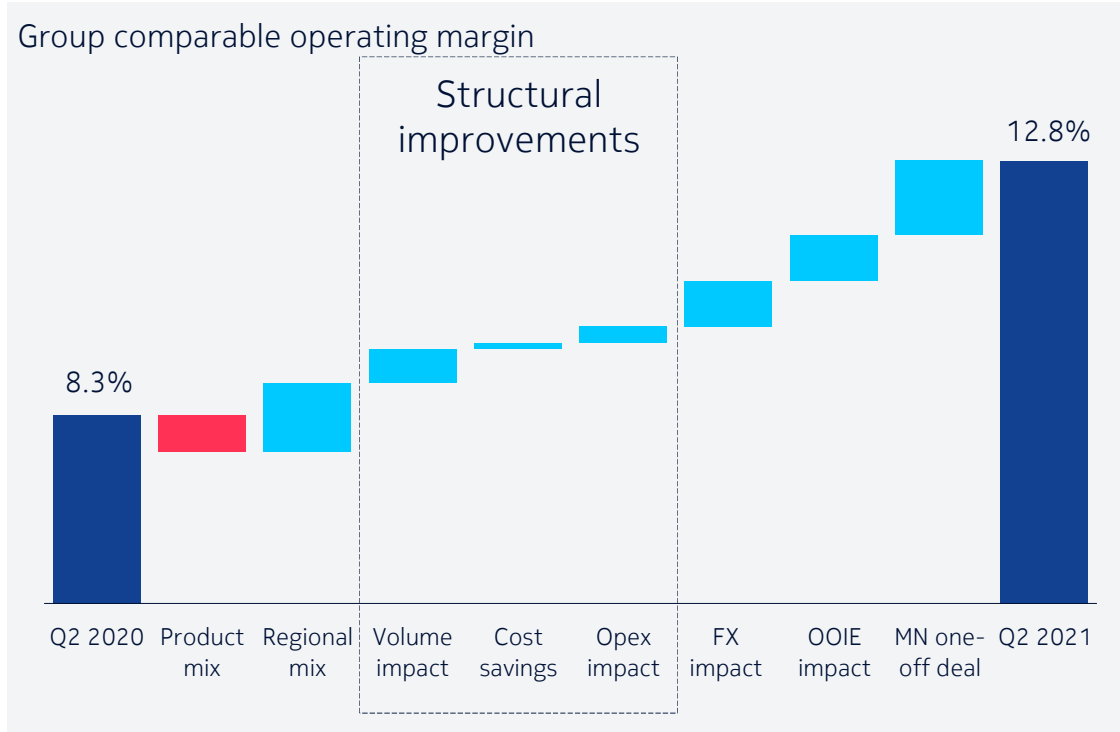
Group comparable gross margin



Mobile Networks comparable gross margin



Structural improvements to operating margin and some one-offs



- Strong structural margin improvement
- Cost base well managed
- Cost reductions offset by rising R&D investment and incentive accruals

OOIE = Other operating income and expense

Growth and margin expansion in all business groups

Figures shown based on comparable reporting with revenues in EUR million

Mobile Networks	Q2 2021	Q2 2020	YoY at CC
Net Sales	2,380	2,424	3%
Gross margin	40.9%	36.1%	
Operating margin	10.5%	7.5%	

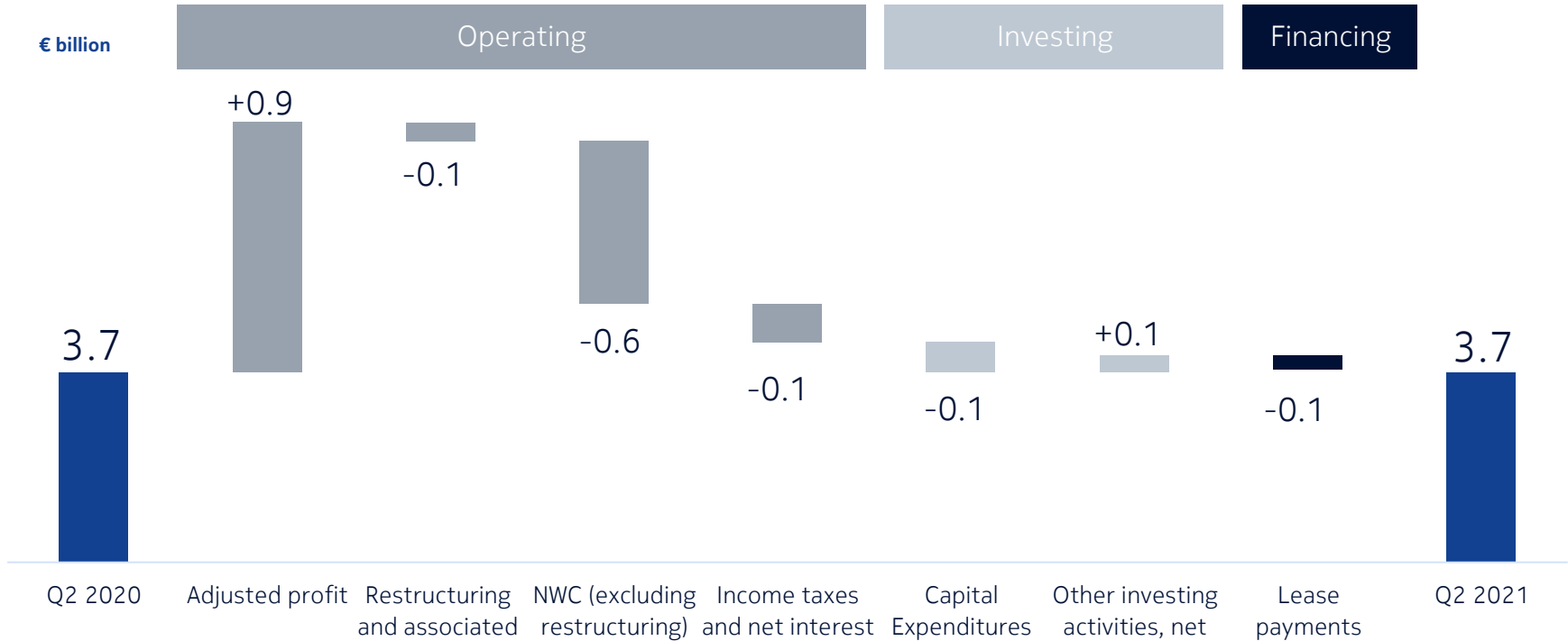
Cloud and Network Services	Q2 2021	Q2 2020	YoY at CC
Net Sales	703	718	2%
Gross margin	35.7%	35.9%	
Operating margin	1.4%	-0.8%	

Network Infrastructure	Q2 2021	Q2 2020	YoY at CC
Net Sales	1,778	1,545	20%
Gross margin	35.3%	34.8%	
Operating margin	9.1%	4.3%	

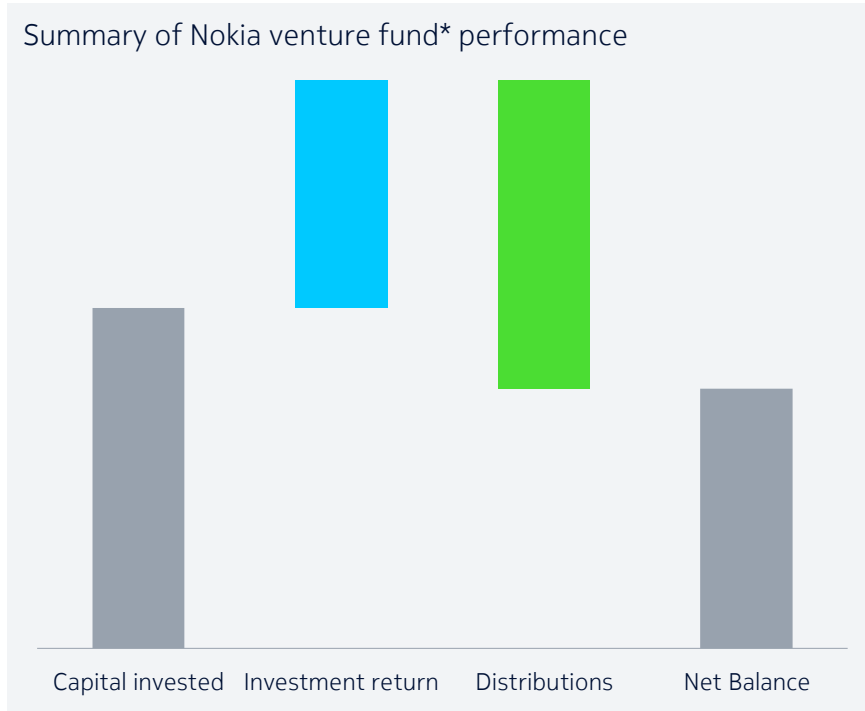
Nokia Technologies	Q2 2021	Q2 2020	YoY at CC
Net Sales	401	341	20%
Gross margin	99.8%	99.4%	
Operating margin	82.8%	79.8%	

Liquidity position remains solid with EUR 3.7bn net cash

Generated positive free cash flow for the fifth quarter in a row



Venture funds continue to deliver good returns



- Revaluations of venture funds impact other operating income
- Typically, 15-20% IRRs at maturity
- Investments can also bring other benefits in licensing or partnerships
- Book value remaining of €760m on our balance sheet

*Chart illustrates the performance in USD since the inception of NGP Capital and certain other key funds which constitute the majority of our venture fund investments.

Full Year 2021 Outlook increased

	Full year 2021	Full year 2023
Net sales ¹	€21.7 billion to €22.7 billion (adjusted from €20.6bn to €21.8bn)	Grow faster than the market
Comparable operating margin ²	10 to 12% (adjusted from 7 to 10%)	10 to 13%
Free cash flow ³	Clearly positive (adjusted from positive)	Clearly positive
Comparable ROIC ^{2,4}	17 to 21% (adjusted from 10 to 15%)	15 to 20%

¹Assuming actual currency rates for first half 2021 and end of June EUR/USD rate of 1.19 continues in the second half 2021 (this is adjusted from our previous guidance based on the year-end 2020 EUR/USD rate of 1.23)

²Comparable 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 the Report for Q2 and Half Year 2021.

³Free 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

⁴Comparable 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 the Report for Q2 and Half Year 2021.

Q&A

NOKIA