

Q4 2021

Investor presentation

3 February 2022

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Welcome



Pekka Lundmark
President and CEO

- 4. Financial highlights
 - 5. Business Group performance
 - 10. Reset complete, now onto accelerate
 - 12. Long-term targets
-



Marco Wirén
CFO

- 14. Financial performance bridges
- 16. Cash flow performance
- 19. 2022 outlook

2021 was a transformational year for Nokia

Q4 21 net sales (EUR)

6.4bn

-5% (year-over-year
at constant currency)

FY 21 net sales (EUR)

22.2bn

+3% (year-over-year
at constant currency)

FY 21 net cash (EUR)

4.6bn

Q4 21 operating margin

14.2%

(comparable) -190bps
year-over-year

FY 21 operating margin

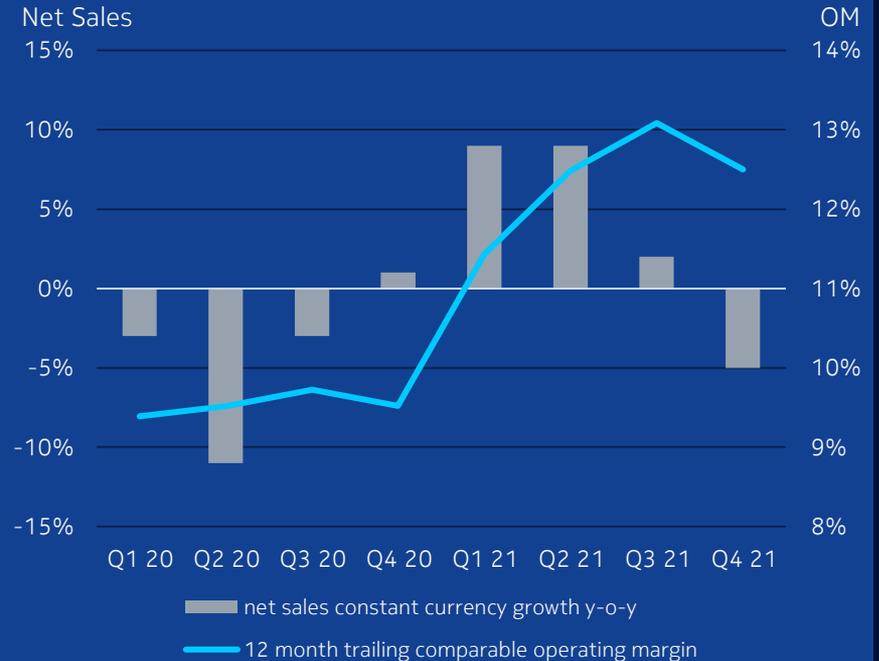
12.5%

(comparable) +300bps
year-over-year

FY 21 FCF (EUR)

2.4bn

Revenue and comparable operating margin trend



Mobile Networks delivered on its reset in 2021

Market share loss as expected but compensated across regions, competitive gap closed

FY21 net sales

9.7bn

EUR

% y-o-y

-5%

constant currency

MN 2021 Reset

Competitiveness ✓

Cost base ✓

Stabilise share ✓

ReefShark ramp up ✓

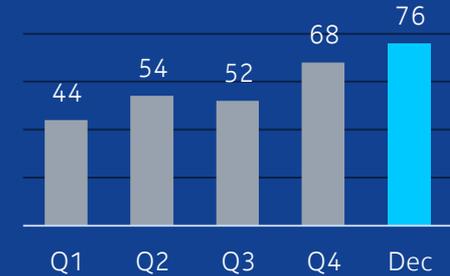
Moving to industry leadership

Shipped new AirScale baseband to >150 customers

Up to 75% improvement in baseband energy efficiency

Setting new benchmark of almost 3 Gbps in 5G standalone downlink throughput using carrier aggregation with AirScale on a live CSP network

Rising ReefShark shipments



Stabilised 4G/5G conversion



Outperforming the market in Network Infrastructure

Continuing to gain share across businesses

FY21 IP Networks

+5%

% y-o-y constant currency

FY21 Optical Networks

+2%

% y-o-y constant currency

FY21 Fixed Networks

+35%

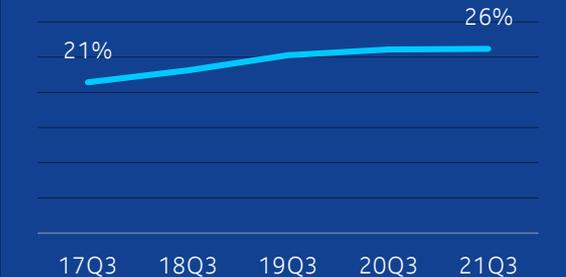
% y-o-y constant currency

FY21 Submarine Networks

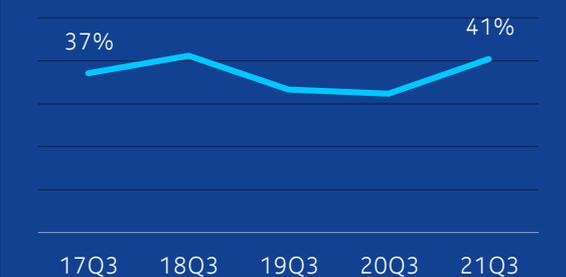
+33%

% y-o-y constant currency

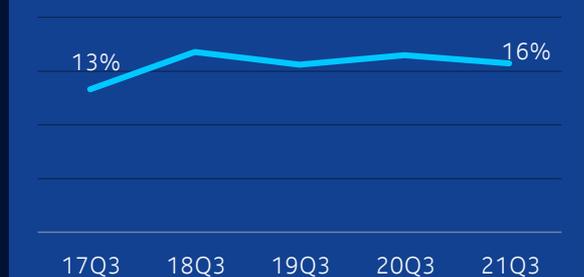
SP Routing Market share*



Fibre (OLT) Access Market Share*



Optical Networking Market Share**

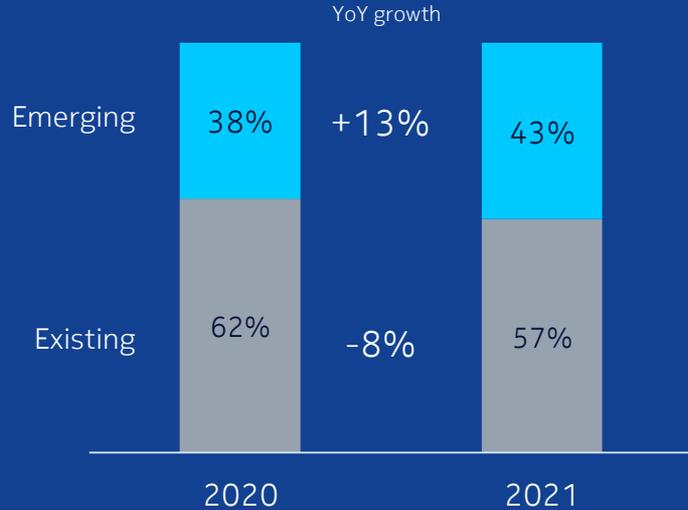


All data 4 quarter rolling global ex. China market share

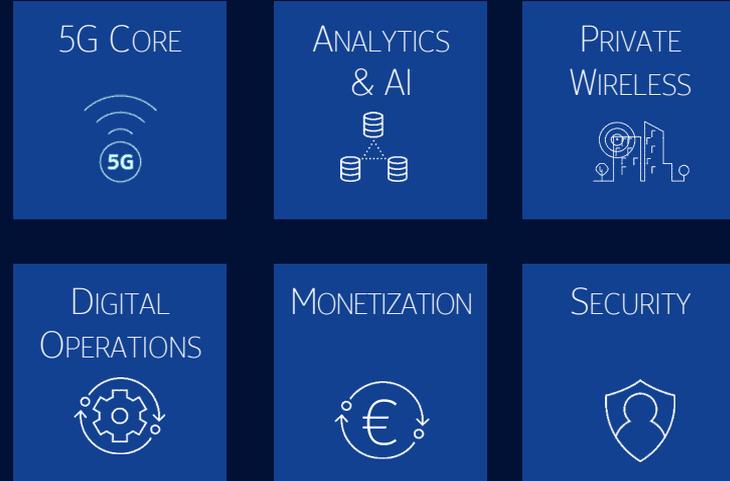
* Dell'Oro ** OMDIA WDM (excl SLTE) + Aggregation

Cloud and Network Services portfolio re-balancing is taking shape

Net sales % split by investment area



Rebalance to Target Growth



Disrupting and Differentiating

Technology Leadership – Cloud, Automation, AI/ML, Security, XaaS

Nokia Technologies delivered another strong year

FY21 net sales

1.5bn

EUR

FY21 net sales

+8%

% y-o-y constant currency

FY21 operating profit

1.2bn

EUR

Strong execution in 2021 including new engagements in automotive and consumer electronics as we grow into new areas.

Continued industry leadership with

+4,000

patent families declared essential for 5G

Enterprise: Boosting investment in campus wireless

Private Wireless customers



Q4 21 net sales

-4%

FY 21 net sales

+1%

Enterprise sales growth (year-over-year at constant currency)

- Private wireless engagements continue to be strong
- Increasing investment in campus wireless to extend our market leadership
- Strong Q4 order book lays foundation for growth in 2022
- Increasing engagement with webscalers
- Broadest portfolio to best serve market
- 2021 weakness from NI product areas while private wireless grew double-digit

We have completed our Reset phase in 2021

2021 focus



- Strategy ✓ Reinvested in R&D to deliver product leadership in all areas
- Product ✓ Mobile Networks secured full portfolio competitiveness
- Profitability ✓ Improved product cost and streamlined SG&A to fund R&D
- Leadership ✓ New operating model and Group Leadership Team in place
- People ✓ Renewed our purpose and ways of working

Now we move onto Accelerate and Scale

2022 and mid term

Grow	Invest	Optimize	Innovate
Capitalize on renewed MN portfolio to gain share	Prioritise R&D towards technology leadership	Improve R&D efficiency and digitize processes	New business models, strategic partnerships, enterprise expansion
Benefit from technology leadership in NI. Growth in CNS emerging areas.	Drive standard setting	Continuous review of business returns to optimise portfolio	Transition to SaaS
Grow beyond CSP	Capitalise on private wireless leadership	Refocusing R&D in CNS towards growth areas	Utilise long-term innovation capacity incl. Bell Labs / NGP Capital

Introducing new long-term targets

We aim to deliver continuous improvement each year

Long term targets (3-5 years)

Revenue growth

Grow faster than the market

Comparable operating margin

≥14%

Free cash flow

55-85% conversion from comparable operating profit

CFO remarks

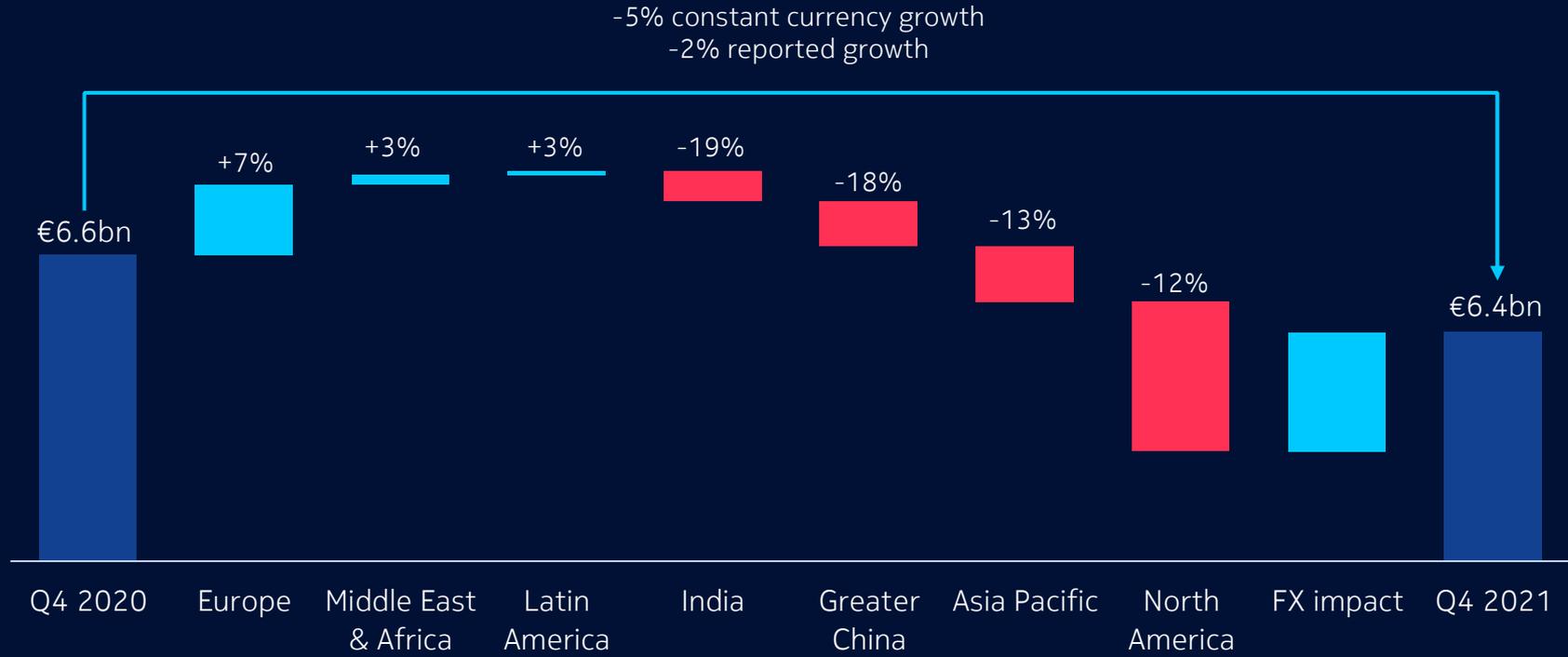


Marco Wirén
CFO

- 14. Financial performance bridges
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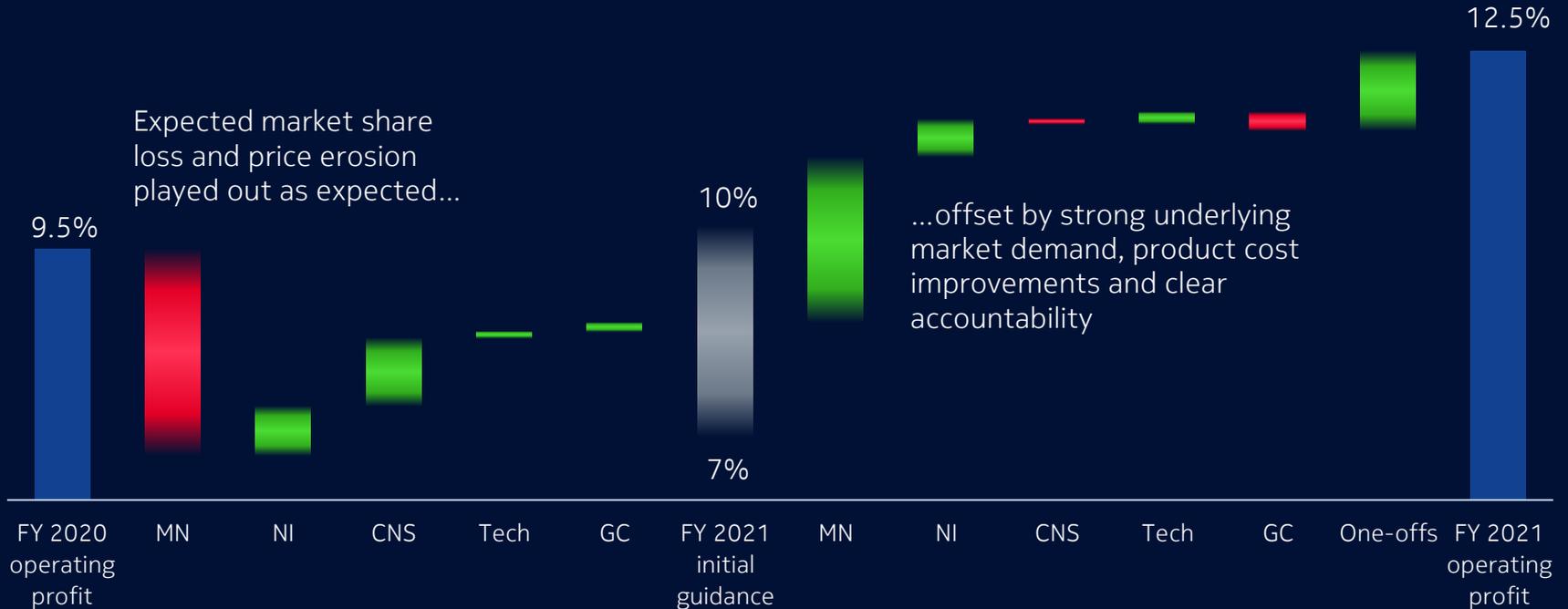
Strength in Europe while headwinds impacted North America

Year-over-year at constant currency for regional growth rate



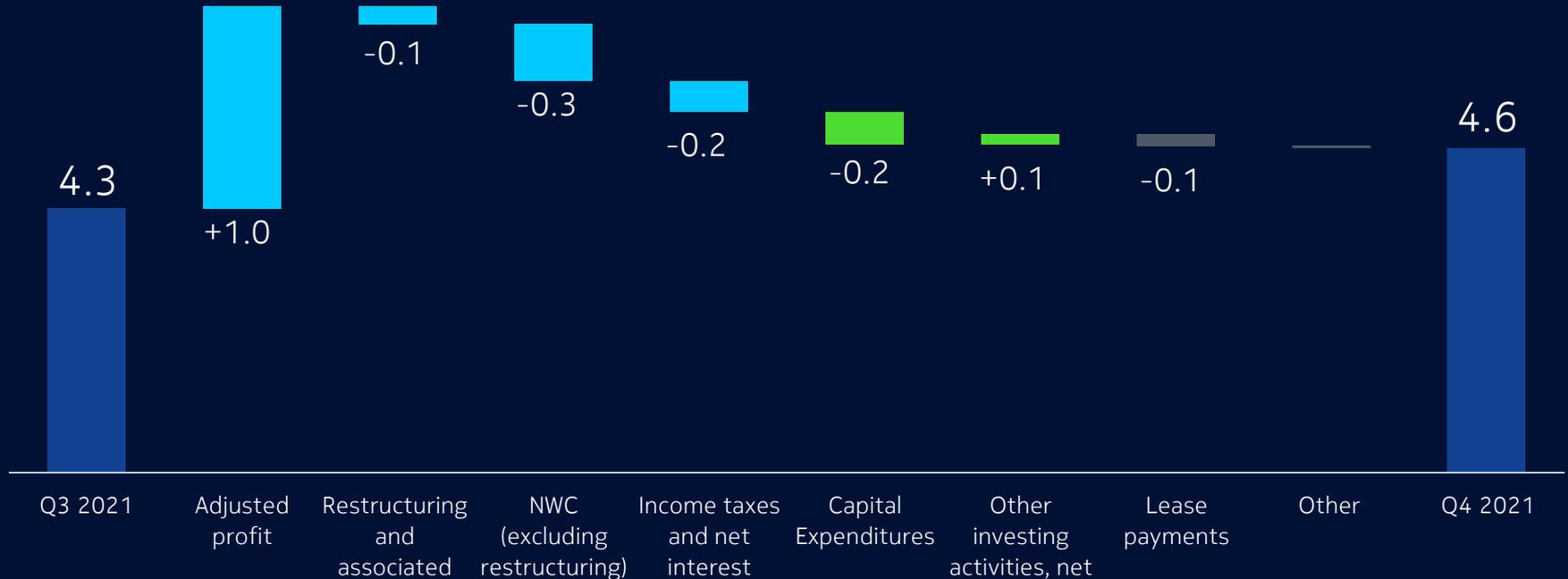
Operating profit bridge shows underlying improvements

Both MN and NI performed much better than expected



Strong full year net cash performance capped by robust Q4

€ billion

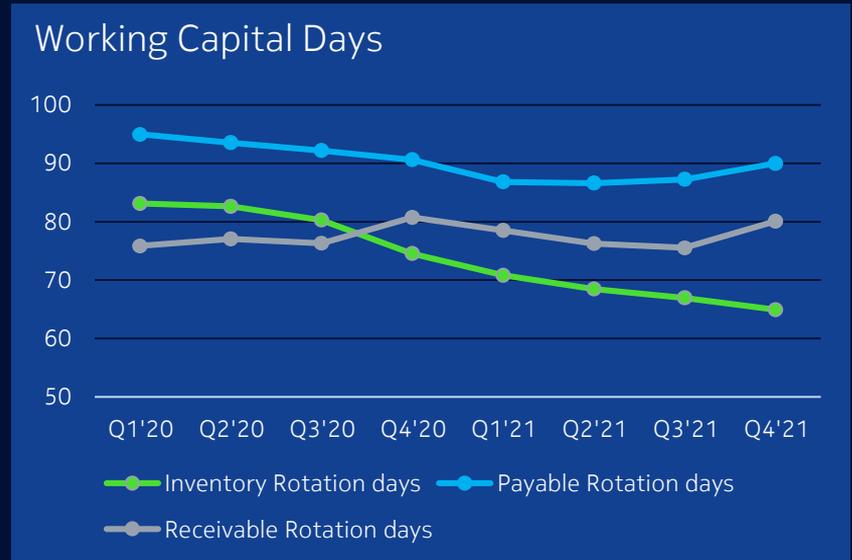


Strong cash position provides flexibility for investments

Uses of cash

- Continued R&D investments
- Investments in business model incubation (e.g. NGP Capital Fund V)
- Build smarter inventory buffers as components become available

Net working capital



Data shown is 4Q rolling average

Strong liquidity position allows shareholder distributions

2021 Dividend proposal

EUR 0.08
per share

Share buyback

EUR 600mn
Over two years

2022 outlook

Full year 2022

Net sales ¹	€22.6 billion to €23.8 billion
Comparable operating margin	11 to 13.5%
Free cash flow	25–55% conversion from comparable operating profit

¹Assuming the rate 1 EUR = 1.13 USD as of 31 Dec 2021 continues throughout 2022.

Please see our Report for Q4 and full year 2021 for a full explanation of the terms used and the assumptions embedded in our financial outlook.

Market growth in 2022 despite supply constrained environment

Estimated, in €	2021	2022	YoY (at const. ccy)
Mobile Networks ¹	46bn	49bn	+3%
Network Infrastructure ²	42bn	45bn	+3%
Cloud and Network Services	26bn	28bn	+5%
Total addressable market ^{1,2}	114bn	121bn	+3%

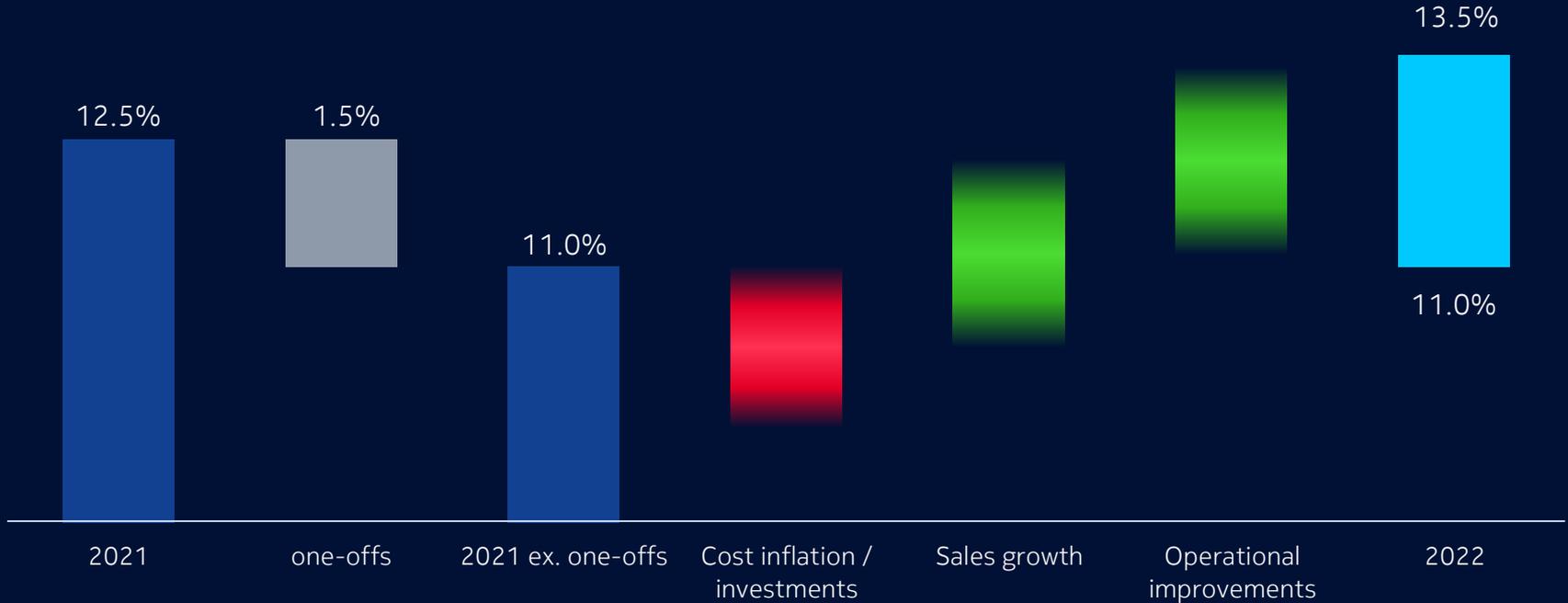
¹Excluding China

²Excluding Submarine Networks and reflecting reassessment of the Fiber-To-The-Home (FTTH) technology mix

Market size calculated assuming the rate 1 EUR = 1.13 USD as of 31 Dec 2021 continues throughout 2022

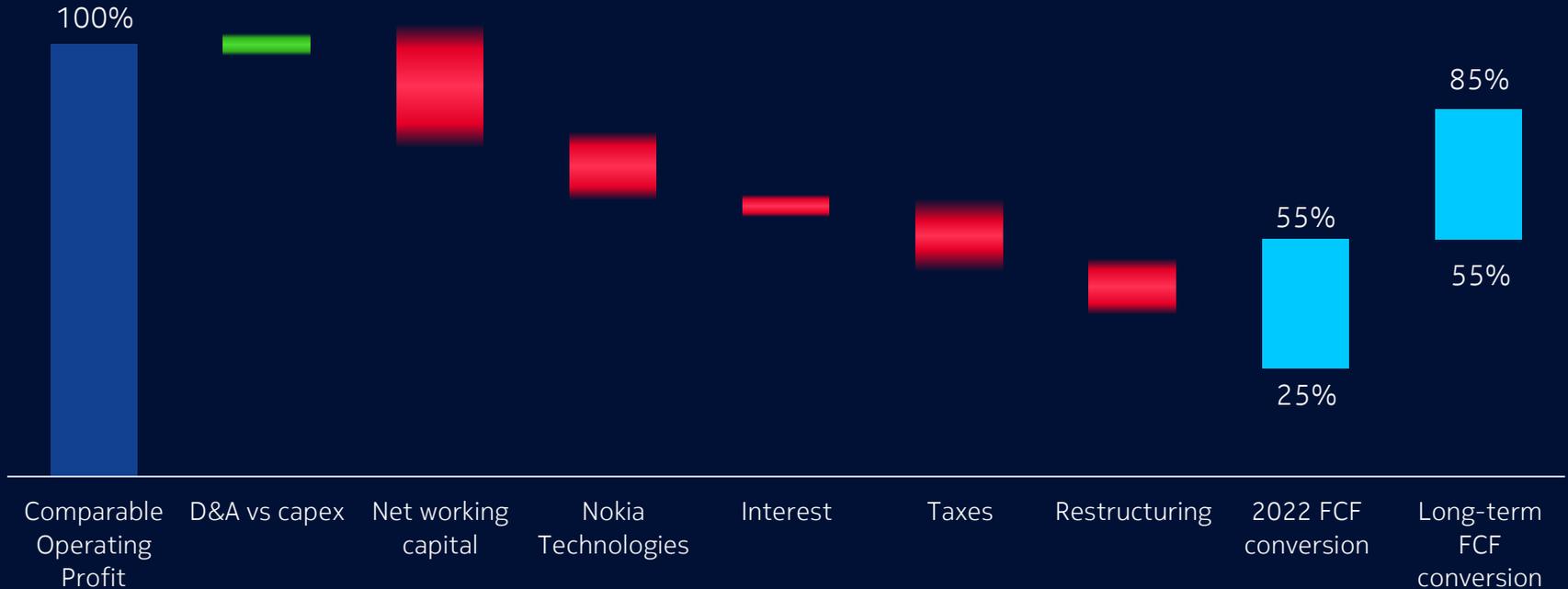
Strong underlying improvements somewhat offset by inflation

Comparable operating margin drivers in 2022



Expecting working capital increase in 2022

But long-term we expect high FCF conversion



Q&A

A digital tunnel composed of many blue lines that curve inward from the sides and converge at a vanishing point in the center. Small yellow squares and dots are scattered throughout the scene, appearing to float or be attached to the lines.

Appendix

Strategic priorities by business group in 2022

Driving the business towards technology leadership

Business Group

Strategic Priorities for 2022

Mobile Networks

Defend and build scale – Capitalise on renewed product competitiveness to gain share
Increase product development capacity and competitiveness – Continue to invest to build technology leadership while also improving efficiency (more output per unit of input)

Network Infrastructure

Extend product leadership with focused R&D investment in strategic growth areas through next generation network processor, DSPs, software and network automation
Continue growth into the non-CSP market by expanding in key select Enterprise verticals and webscale

Cloud and Network Services

Grow in emerging – Accelerate and scale the emerging portfolios and transition to SaaS
Private wireless investment – Investments in private wireless and the industrial edge ecosystem

Nokia Technologies

Renewals/new areas – Deliver on contract renewals and continue traction in new areas (auto / IoT / CE)
Technology investment – Continue investing in technology leadership, standards leadership and patent fillings to ensure continued longevity of our portfolio

Introducing new long-term targets for the business

We aim to deliver continuous improvement each year

	Target model	Factors to deliver the model
Revenue growth	Grow faster than the market	MN – Renewed competitiveness and market dynamics provide share gain opportunities NI – Strengthening technology leadership to enable continued outperformance CNS – Rebalancing portfolio towards faster growing portions of the market Enterprise – Capitalise on early leadership to benefit from faster enterprise growth than CSP
Comparable operating margin	≥14%	Market growth – Market has been strong in 2021 – key factor on time taken to deliver model Relative scale – As we gain market share, improved scale is key to delivering margins Product competitiveness – Continue to invest for technology leadership Efficient cost base – Investment in R&D critical to long-term but efficiency/productivity key TECH – Assuming largely stable operating profit in Tech longer-term
Free cash flow	55-85% conversion from comparable operating profit	Working capital efficiency – Remain focused on cash conversion in BGs there will be yearly volatility but we expect to be more limited over the longer-term. Lower restructuring – Smaller normal adjustment to secure we have the right skills TECH cash conversion – Cash conversion to normalise over time

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