

The background is a complex, abstract digital landscape. It features a dense field of vertical lines in various shades of blue and teal, which appear to curve and converge towards a central vanishing point, creating a sense of depth and perspective. Interspersed among these lines are small, glowing squares and dots, some in yellow and some in light blue, adding to the digital aesthetic.

# Q1 2022

Investor presentation

28 April 2022

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# Welcome

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Pekka Lundmark  
President and CEO

- 4. Financial highlights
- 5. Business Group performance
- 9. Enterprise strategy



Marco Wirén  
CFO

- 12. Financial performance bridges
- 14. Cash flow performance
- 15. 2022 outlook

# A strong profitable start to the year

Q1 22 net sales

+1%

(year-on-year at constant currency)

Q1 22 gross margin

40.7%

+250bps year-on-year

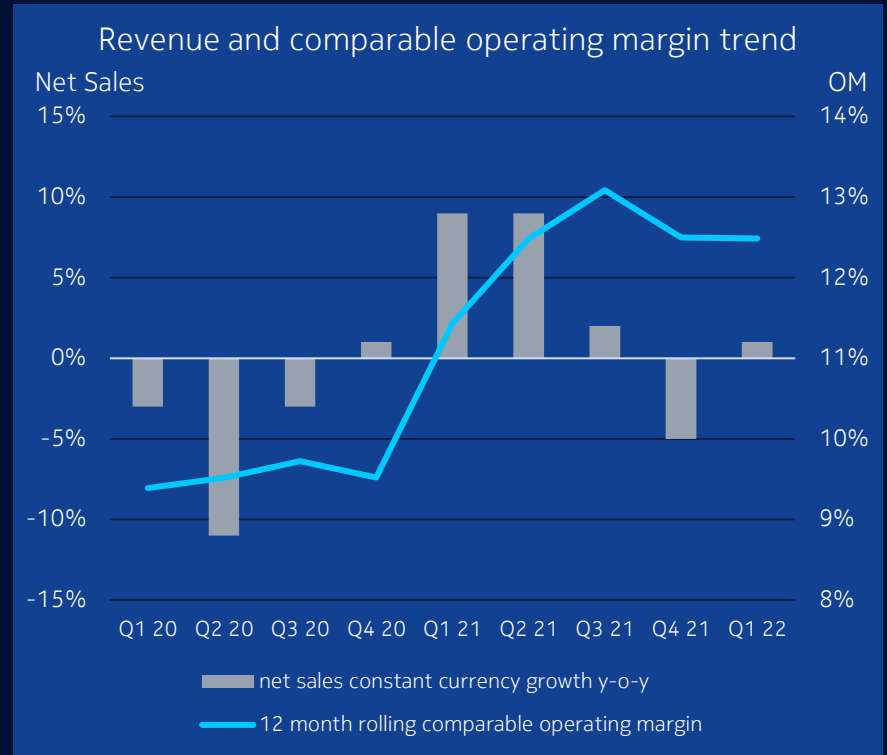
(comparable)

Q1 22 operating margin

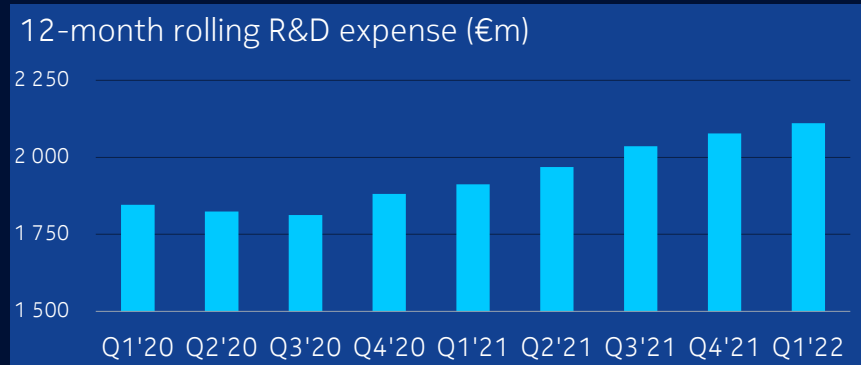
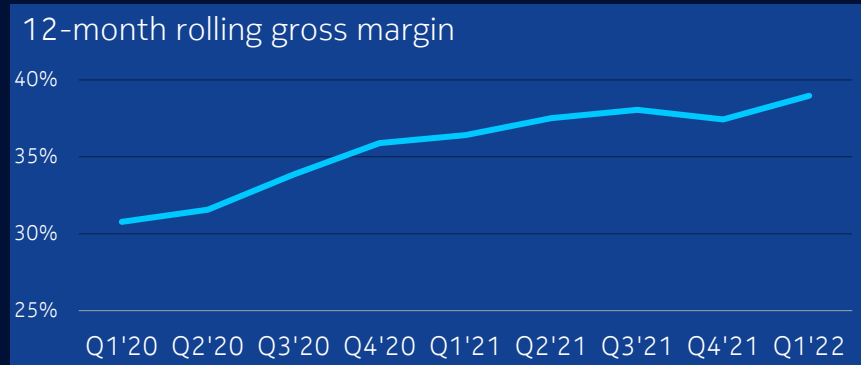
10.9%

Flat year-on-year

(comparable)



# Mobile Networks supply constrained; strong margin progress



\*Net sales at constant currency

Net sales\*

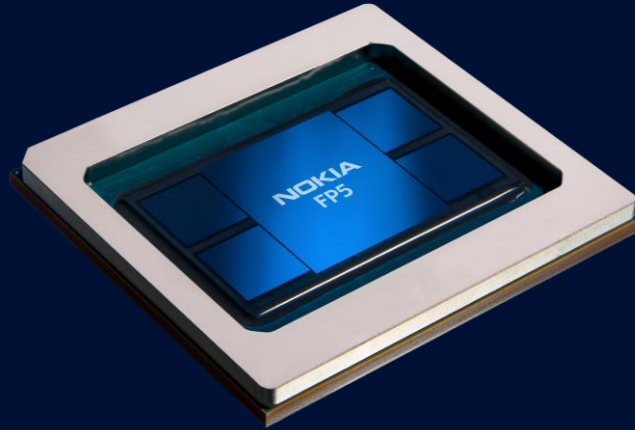
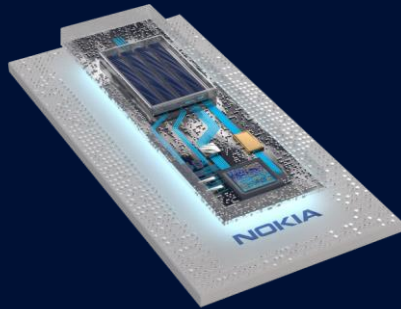
-4%

Operating margin

+7.5%

- Strong demand but supply chain constraints continue
- Strong margin expansion while continuing to invest for technology leadership
- Confident will return to growth in 2022

# Strong sales growth in Network Infrastructure



Net sales\*

+9%

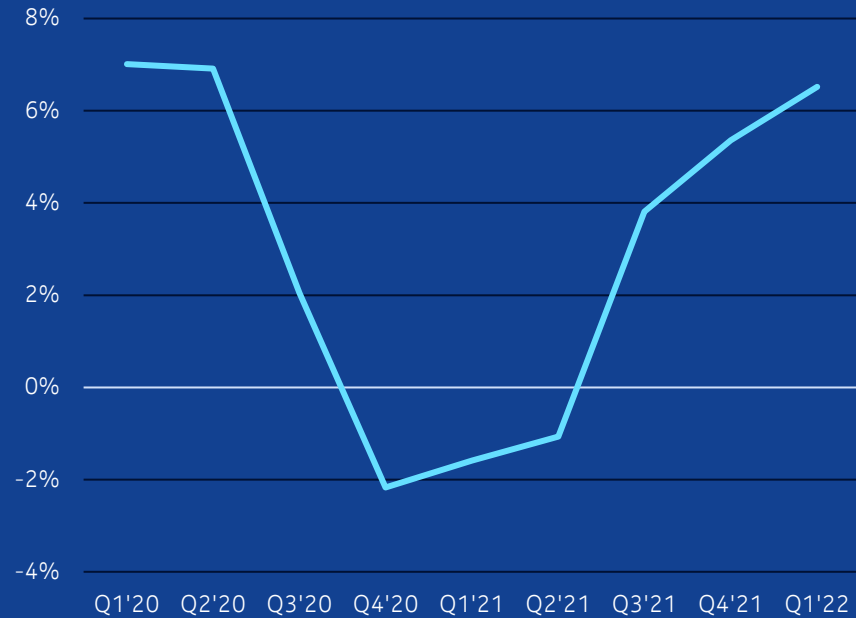
Operating margin

+9.9%

\*Net sales at constant currency

# Cloud and Network Services growth and margin expansion

12 month rolling operating margin



Net sales\*

+5%

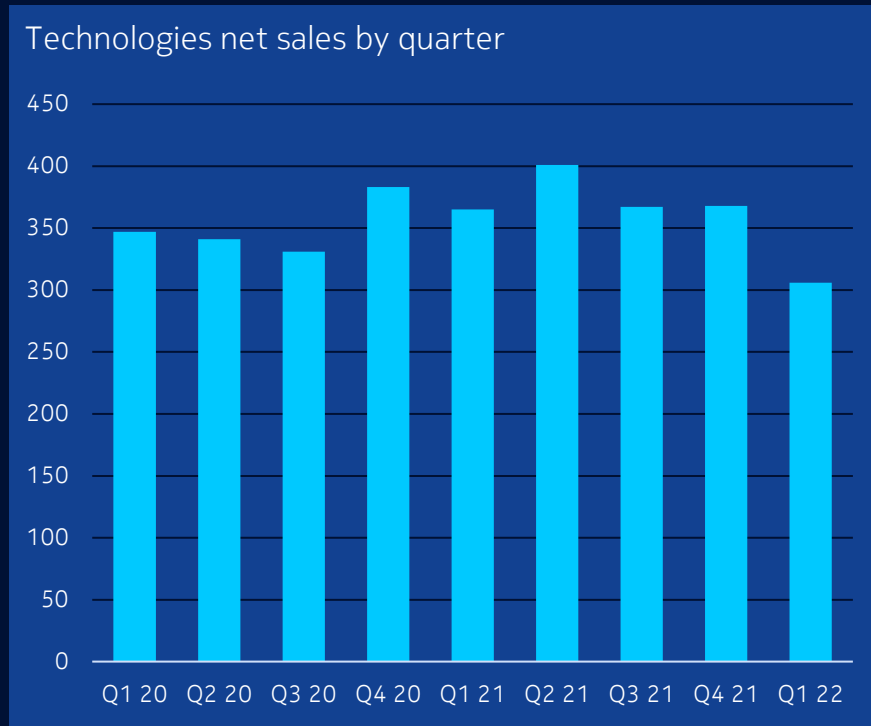
Operating margin

+2.7%

- Core Networks driving growth
- Gross margin expansion through top-line growth and operational improvements
- Portfolio rebalancing efforts are driving change

\*Net sales at constant currency

# Nokia Technologies experiencing licensing timing effects



- Impact from two expired agreements and one expiration with licensee that exited smartphone market
- Confident in strength of patent portfolio
- Continue to assume stable operating profit in 2022 compared to last year
- Protecting the value of our patent portfolio continues to be our priority



# Broad range of opportunities in Enterprise

Enterprise Customers ~7% of Nokia Group net sales (2021)

## Private Wireless

### Webscale

Sale of IP/Optical products to Hyperscalers and Tier 1 / 2 Cloud Services providers.

**Opportunity:**  
Growth existing and enter new business as network architectures change.

**Main BG impact:** NI

Sample customers:



### NI Verticals

Sale of IP/Optical and Fiber solutions to target industries and governments with proven use cases.

**Opportunity:**  
Replicate the use cases across geographies and tap into increased government spend.

**Main BG impact:** NI, CNS

Sample customers:



### Wide Area Networks

Sale of wireless networks to customers that require wireless connectivity to run their core business.

**Opportunity:**  
New 5G opportunities, technology refresh of existing networks and new build out.

**Main BG impact:** MN, CNS, NI

Sample customers:



### Campus wireless

Sale of 4G/5G campus wireless solution to industrial sites enabling customers to digitalize their core business.

**Opportunity:**  
Growth as industries digitalize and value is demonstrated in use cases.

**Main BG Impact:** CNS, MN, NI

Sample customers:



# Enterprise sales soft; order intake remains very strong

## Private Wireless customers



- Supply chain challenges and order conversion delays
- Double digit order intake growth and strong backlog drives confidence in full year growth
- Continue to grow customer base
- Investing in campus wireless

## Q1 22 net sales

-7%

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

# CFO remarks

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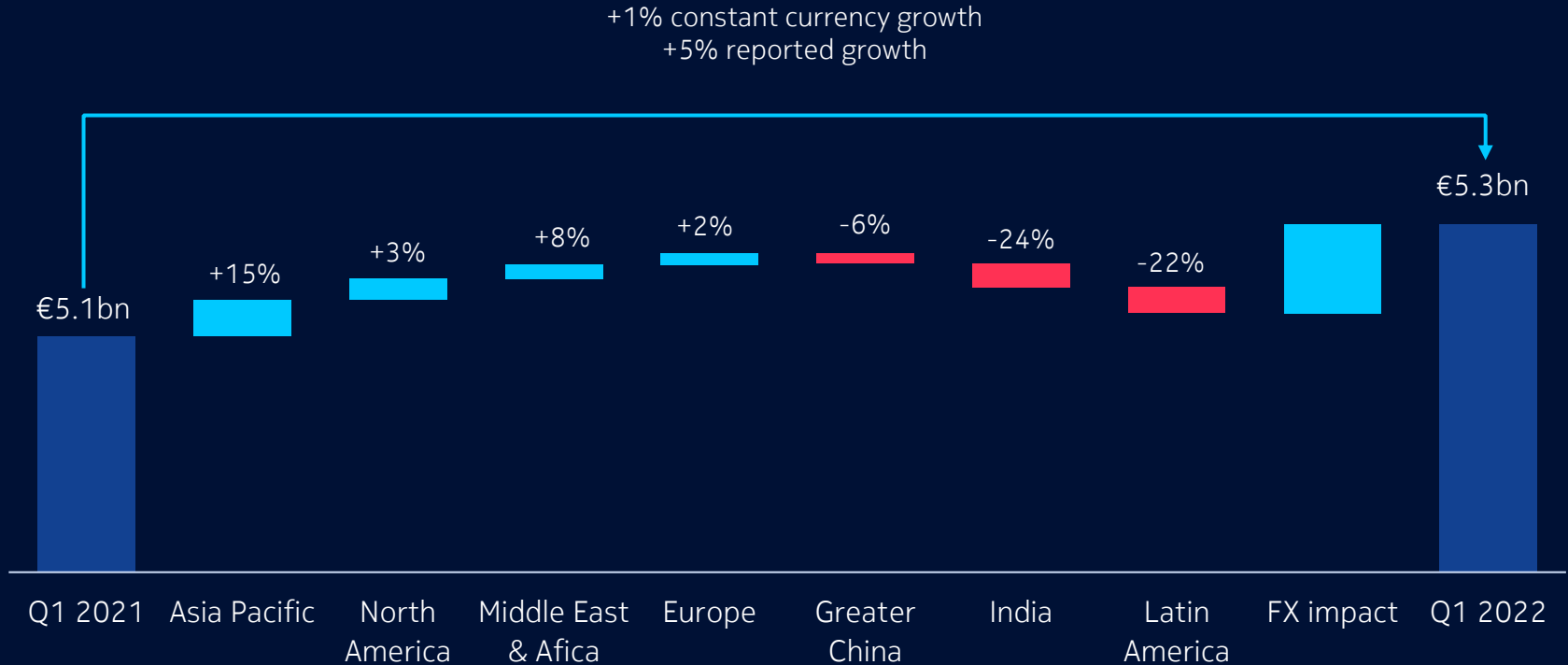


Marco Wirén  
CFO

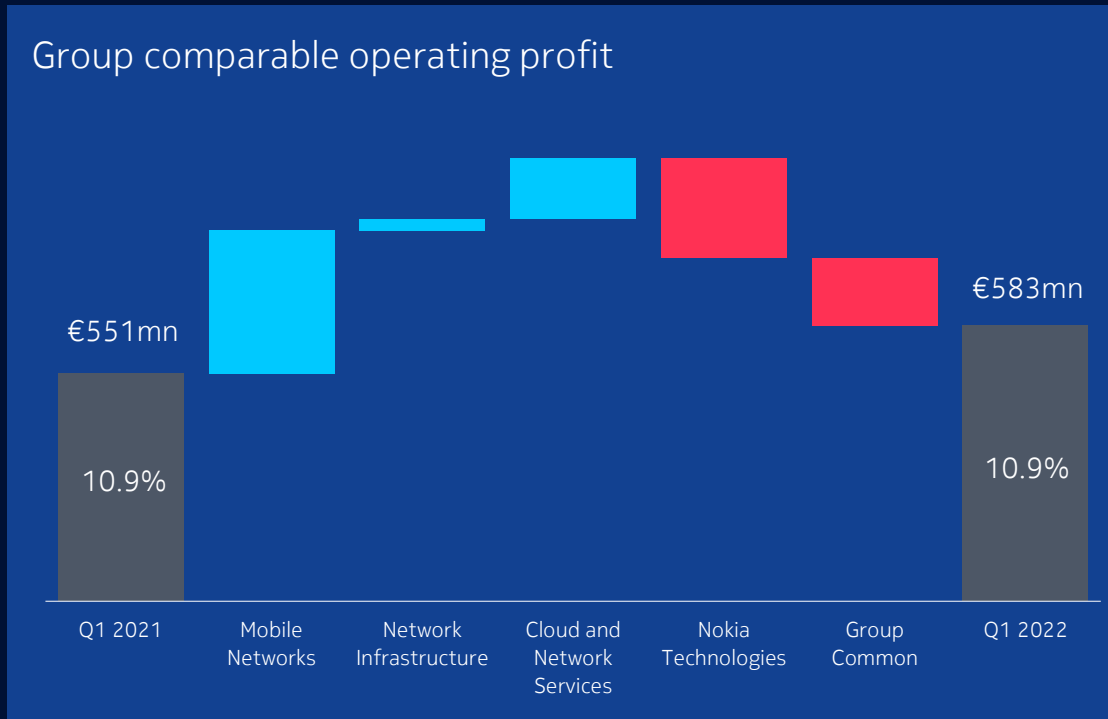
- 12. Financial performance bridges
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# Growth in key regions, timing impact in India

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



# Strong progress in business groups offset Tech / Group Common



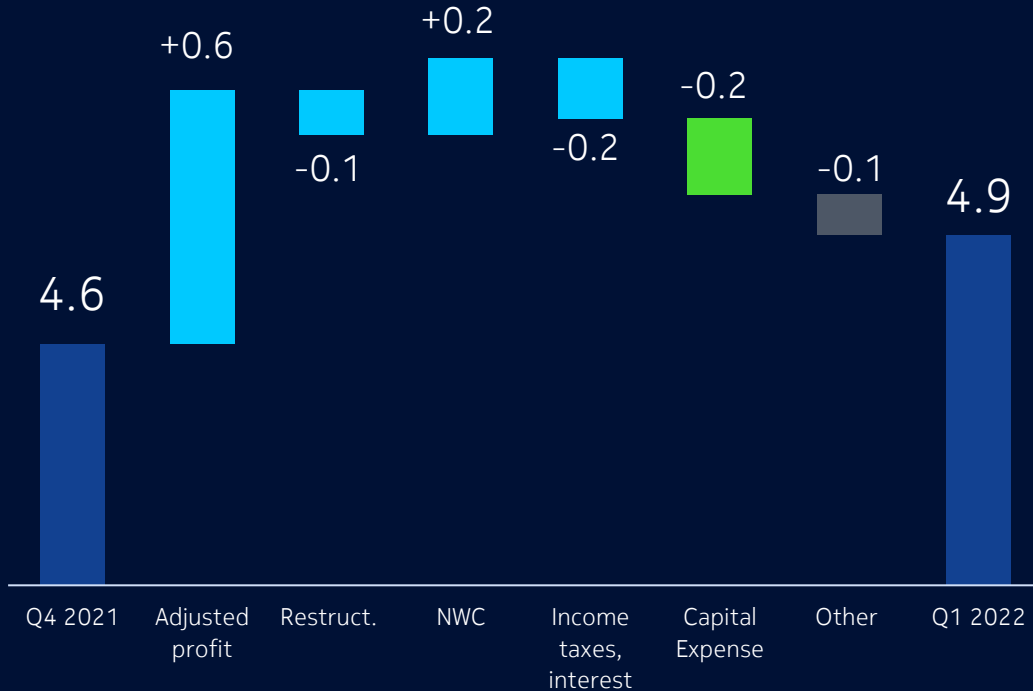
Strong underlying progress in MN and CNS

Timing of Nokia Technologies renewals impacting product mix

Venture fund and reversal of loss allowances benefitted year-ago

# Good Q1 net cash performance

€ billion



EUR 0.3bn free cash flow

Net working capital generated cash

Inventories increased but supply chain challenges continue

Q2 to be impacted by cash outflows related to employee variable pay

# Market growth in 2022 updated

Estimated, in €	2022	YoY (at const. ccy)	YoY prior est. (at const. ccy)
Mobile Networks <sup>1</sup>	50bn	+4%	+3%
Network Infrastructure <sup>2</sup>	45bn	+3%	+3%
Cloud and Network Services	27bn	+4%	+5%
Total addressable market <sup>1,2</sup>	122bn	+4%	+3%

<sup>1</sup>Excluding China for Mobile Networks

<sup>2</sup>Excluding Submarine Networks

Market size calculated assuming the rate 1 EUR = 1.11 USD as of 31 Mar 2022 continues throughout 2022

# 2022 outlook unchanged in constant currency

## Full year 2022

Net sales <sup>1</sup>	€22.9 billion to €24.1 billion (constant currency unchanged)
Comparable operating margin	11 to 13.5%
Free cash flow	25–55% conversion from comparable operating profit

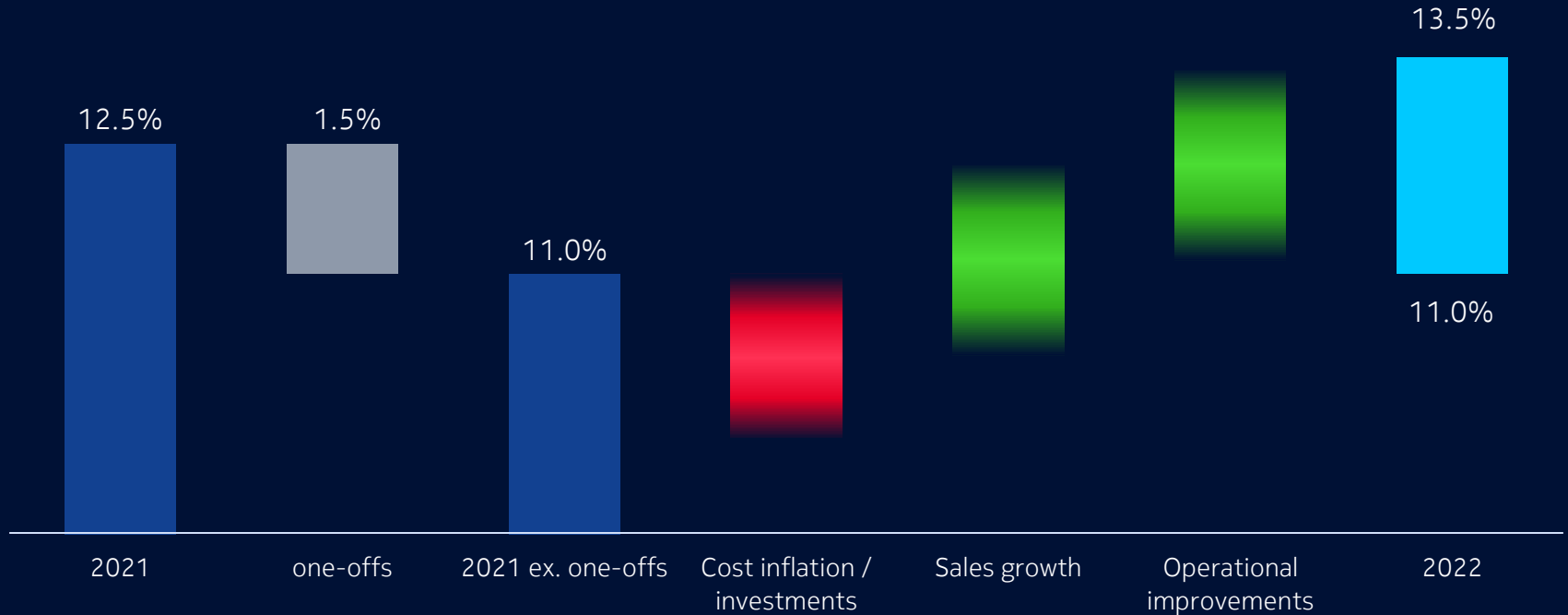
<sup>1</sup>Assuming the rate 1 EUR = 1.11 USD as of 31 Mar 2022 continues for the remainder of 2022 along with actual Q1 foreign exchange (adjusted from prior EUR 1.13 rate as of 31 Dec 2021). Assuming the year-end 2021 exchange rate, the net sales outlook would continue to be EUR €22.6bn to EUR 23.8bn.

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.



# Strong underlying improvements somewhat offset by inflation

## Comparable operating margin drivers in 2022



# Q&A

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# Appendix

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# 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

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

# Accelerate and Scale

2022 and mid term

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## Grow

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Capitalize on renewed MN portfolio to gain share

Benefit from technology leadership in NI. Growth in CNS emerging areas.

Grow beyond CSP

## Invest

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Prioritise R&D towards technology leadership

Drive standard setting

Capitalise on private wireless leadership

## Optimize

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Improve R&D efficiency and digitize processes

Continuous review of business returns to optimise portfolio

Refocusing R&D in CNS towards growth areas

## Innovate

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New business models, strategic partnerships, enterprise expansion

Transition to SaaS

Utilise long-term innovation capacity incl. Bell Labs / NGP Capital

**NOKIA**