

Q3 2022

Investor presentation

20 October 2022

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Agenda



Pekka Lundmark
President and CEO

- 4. Financial highlights
 - 5. Business Group performance
 - 9. Enterprise
 - 10. Supply chain and macro trends
-



Marco Wirén
CFO

- 11. Financial performance bridges
- 13. Cash flow performance
- 14. 2022 TAM and outlook

Accelerating sales growth

Q3 22 net sales

+6%

(year-on-year at constant currency)

Q3 22 gross margin

40.4%

-40bps year-on-year

(comparable)

Q3 22 operating margin

10.5%

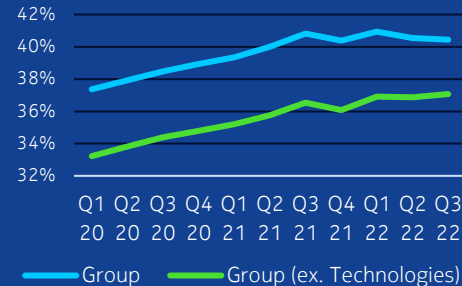
-120bps year-on-year

(comparable)

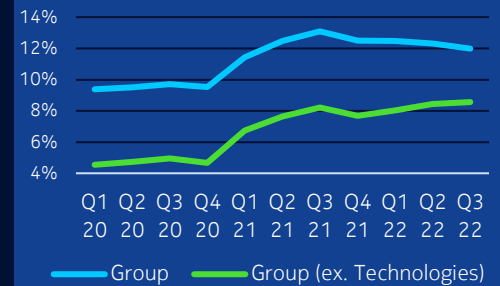
Net sales growth (constant currency)



4Q rolling comparable gross margin



4Q rolling comparable operating margin



Mobile Networks – delivering an acceleration

Net sales +12%
Op. margin 9.8%

Net sales growth accelerated

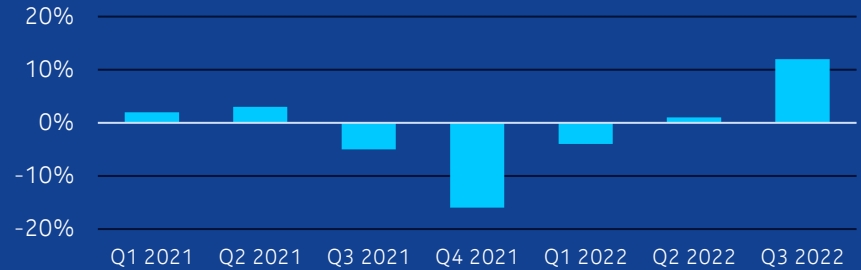
Supply chain improved – including some catch up

Significant new 5G deals signed – Bharti Airtel and Reliance Jio

+250bps operating margin expansion helped by regional mix

Expect full year growth on constant currency basis

Mobile Networks net sales growth y-o-y



MN 4Q rolling gross margin



MN 4Q rolling operating margin



All net sales changes presented are year-on-year in constant currency

Network Infrastructure – sustained growth

Net sales +5%
Op. margin 10.3%

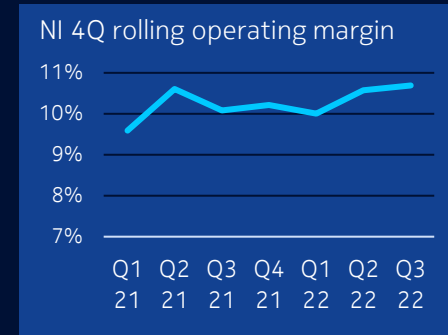
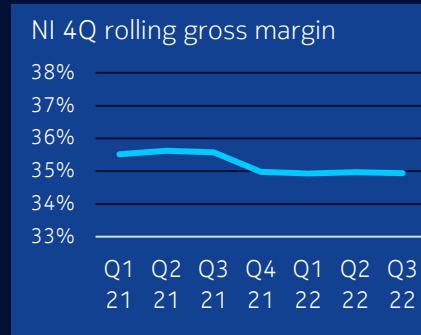
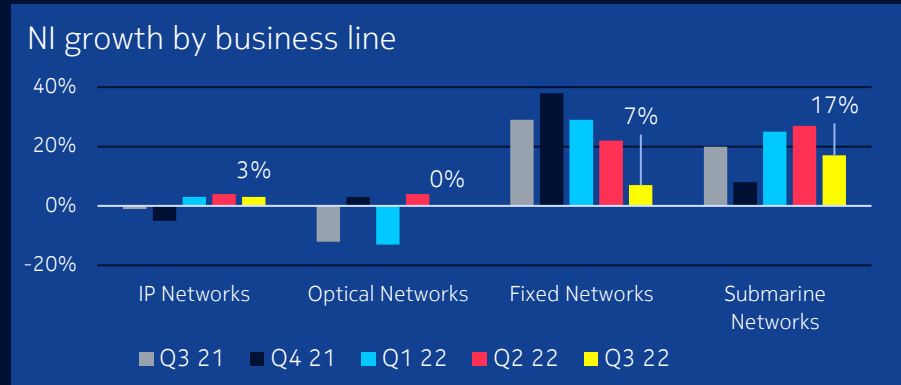
Strong overall top-line performance

Robust demand drove growth in IP, Fixed and Submarine

Optical impacted by specific supply constraints but managing situation

IP Networks seeing FP5 ramping up and further expansion into webscale

Operating margin expanded +50bps



All net sales changes presented are year-on-year in constant currency

Cloud and Network Services – rebalancing continues

Net sales -3%
Op. margin 2.0%

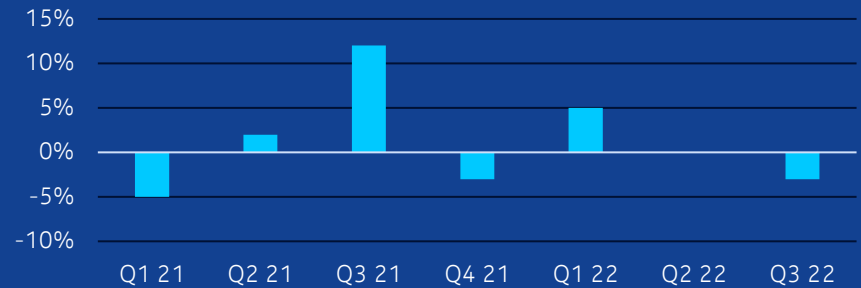
Net sales declined as portfolio rebalancing continues

Enterprise Solutions grew at double-digit rate

Gross margin improved by +140bps

Lower operating margin driven by continued investment in private wireless

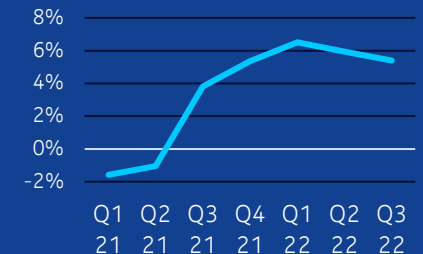
Cloud and Network net sales growth y-o-y



CNS 4Q rolling gross margin



CNS 4Q rolling operating margin



All net sales changes presented are year-on-year in constant currency

Nokia Technologies – expansion momentum

Net sales -19%
Op. margin 67.9%

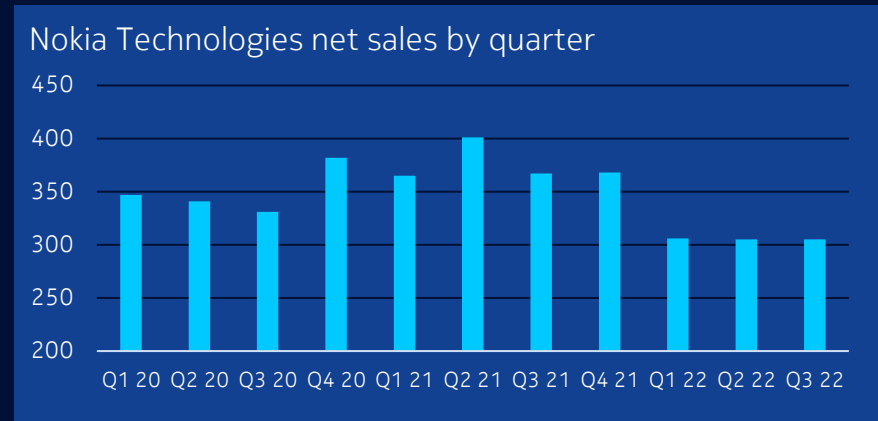
Strong momentum in expansion areas

Net sales impacted by timing of ongoing contract renewals

Confident in ability to return to EUR 1.4 to 1.5bn range

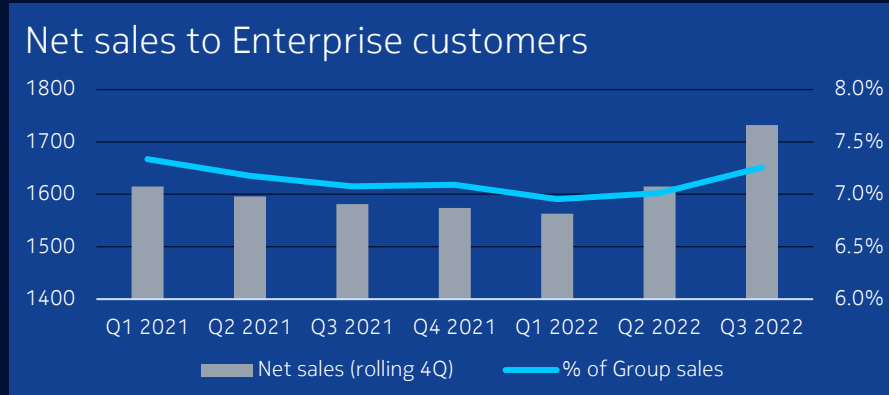
Net sales to expansion areas
(last 12 months)

>EUR 100m



All net sales changes presented are year-on-year in constant currency

Strong acceleration in Enterprise net sales



- Q3 net sales grew 22%
- Private wireless grew double-digit
- Continuing to invest to build on early market leadership in private wireless
- Webscale increased double-digit with strong order intake
- Added new webscale IP Routing customer

All net sales changes presented are year-on-year in constant currency

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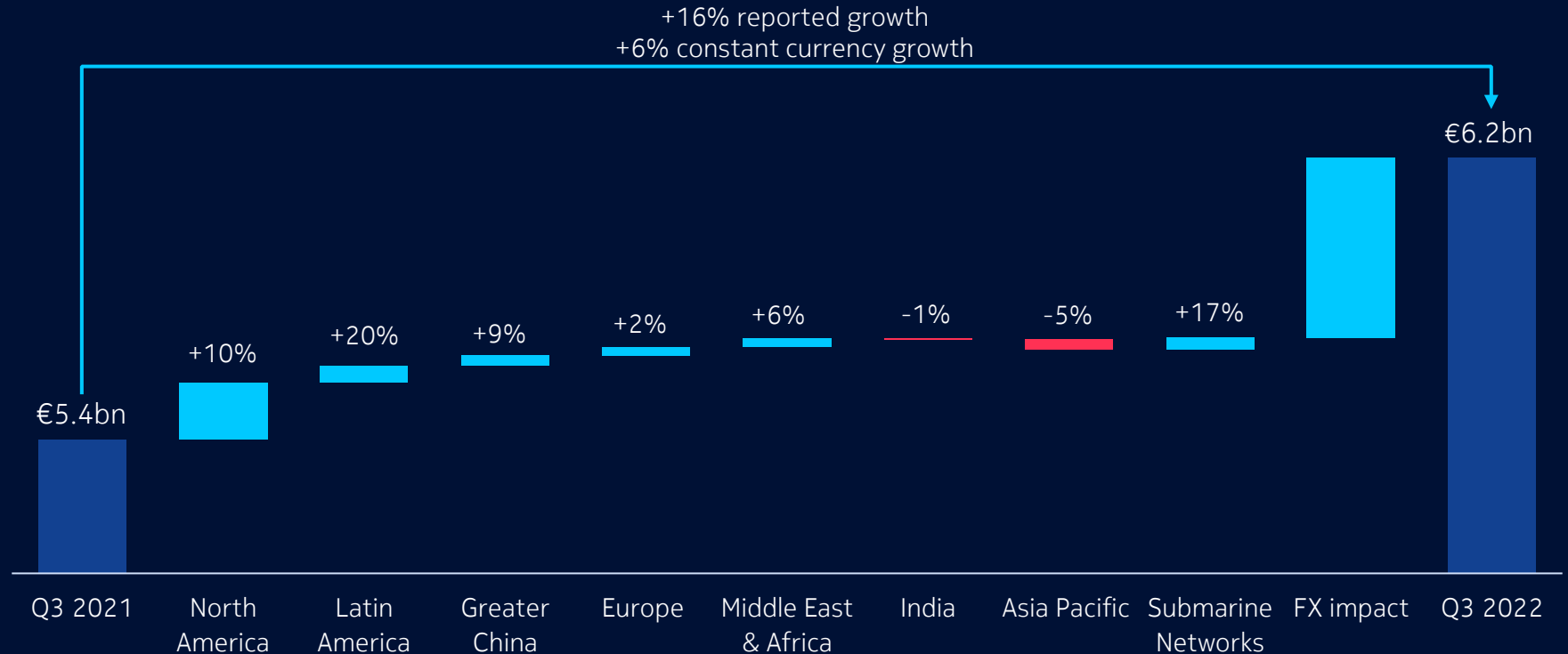


Marco Wirén
CFO

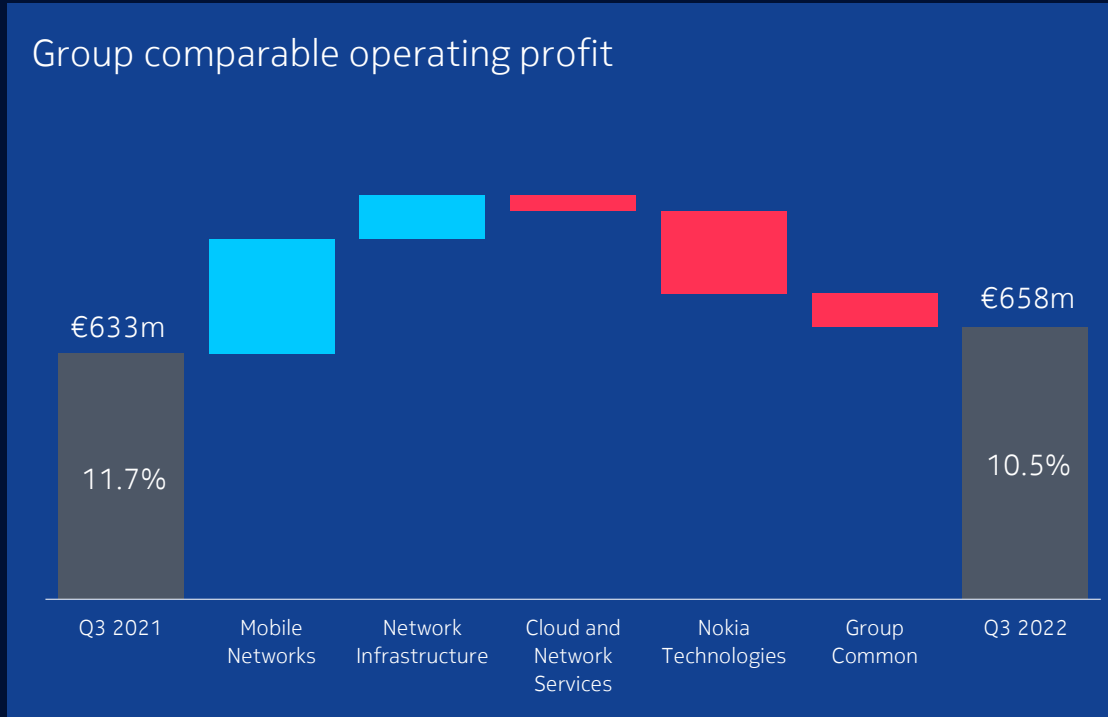
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Growth across most regions, particularly in North America

Year-on-year at constant currency (regions excluding Submarine Networks)



Strong expansion in MN largely offset by Technologies



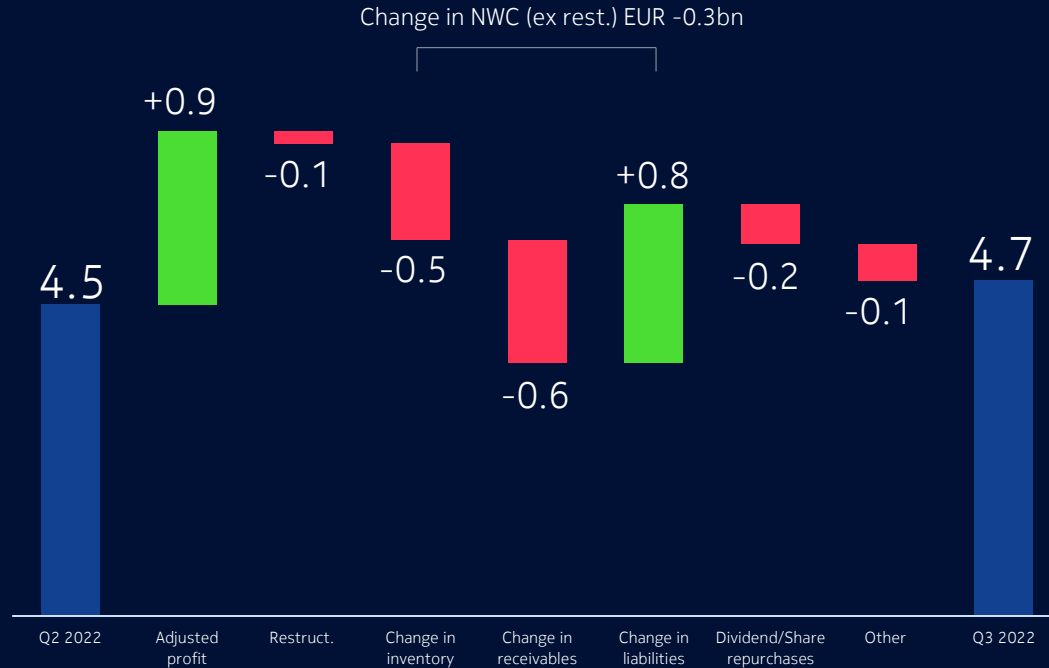
Margin expansion in both Mobile Networks and Network Infrastructure

Timing of Nokia Technologies renewals impacting mix

Lower y-o-y benefit from venture funds in Group Common

Solid cash performance despite inventory ramp

Change in net cash
€ billion



Free cash flow positive EUR
0.3bn

Inventories increased as supply chain challenges ease somewhat and in preparation for India deployments

Market growth in 2022 updated

Estimated, in €	2022	YoY (at const. ccy)	YoY prior est. (at const. ccy)
Mobile Networks ¹	52bn	+5%	+5%
Network Infrastructure ²	48bn	+5%	+5%
Cloud and Network Services	28bn	+3%	+3%
Total addressable market ^{1,2}	127bn	+5%	+4%

¹Excluding China for Mobile Networks

²Excluding Submarine Networks

Market size calculated assuming the rate 1 EUR = 0.97 USD as of 30 September 2022 continues for the remainder of 2022 along with year-to-date actual foreign exchange rate

2022 net sales outlook unchanged in constant currency

Full year 2022

Net sales ¹	€23.9 billion to €25.1 billion (constant currency unchanged)
Comparable operating margin	11 to 13.5%
Free cash flow	25–55% conversion from comparable operating profit

¹Assuming the rate 1 EUR = 0.97 USD as of 30 September 2022 continues for the remainder of 2022 along with year-to-date actual foreign exchange rates (adjusted from prior 1 EUR = 1.04 USD rate as of 30 June 2022). Assuming the 30 June 2022 exchange rate, the net sales outlook would continue to be EUR 23.5bn to EUR 24.7bn.

Please see our Interim Report for Q3 2022 for a full explanation of the terms used and the assumptions embedded in our financial outlook.

Q&A

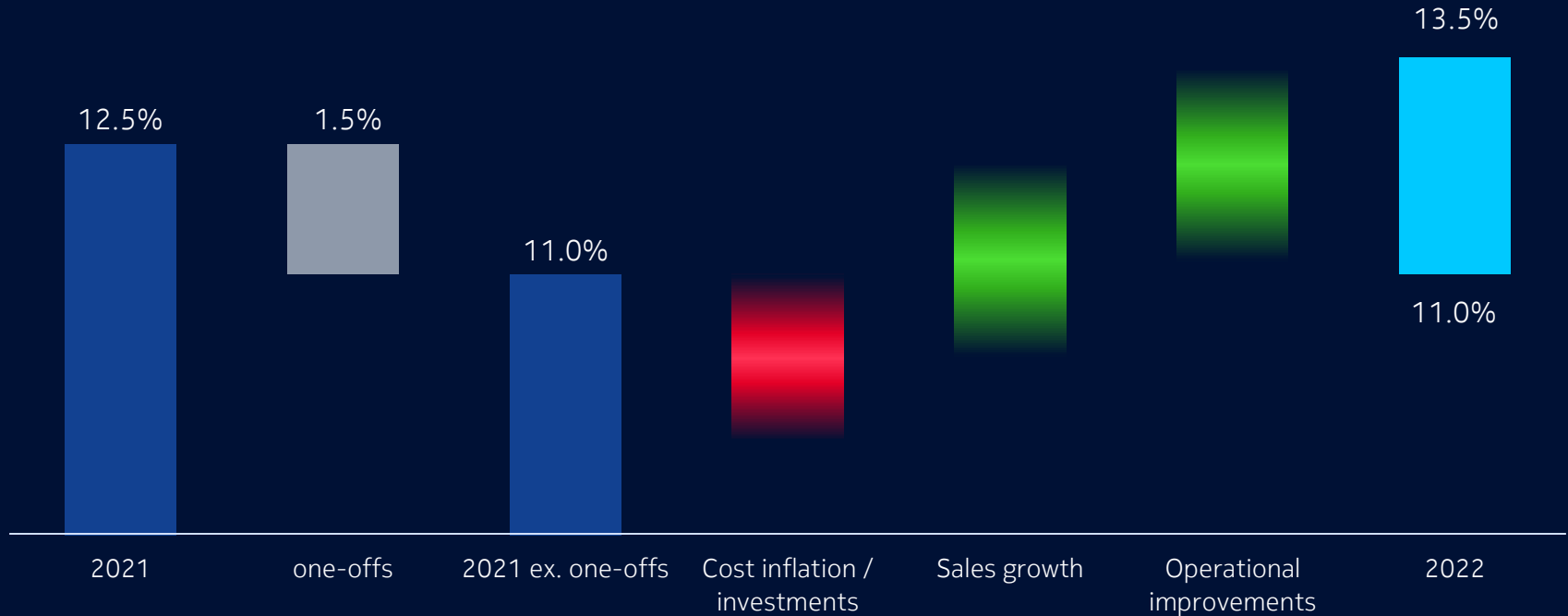
The background of the slide is a complex digital visualization. It features a dense field of vertical blue lines that curve inward from the sides, creating a perspective effect that draws the eye toward the center. Interspersed among these lines are numerous small, glowing blue and yellow data points, some of which are arranged in small square patterns. The overall color palette is a range of blues, from deep navy to bright cyan, with occasional yellow highlights.

Appendix

The background of the slide is a complex digital visualization. It features a perspective view of a vast space filled with numerous glowing blue lines that curve and converge towards a central vanishing point. Interspersed among these lines are small, bright yellow and white data points, some of which are enclosed in small square frames. The overall color palette is dominated by deep blues and teals, with the white text providing a sharp contrast.

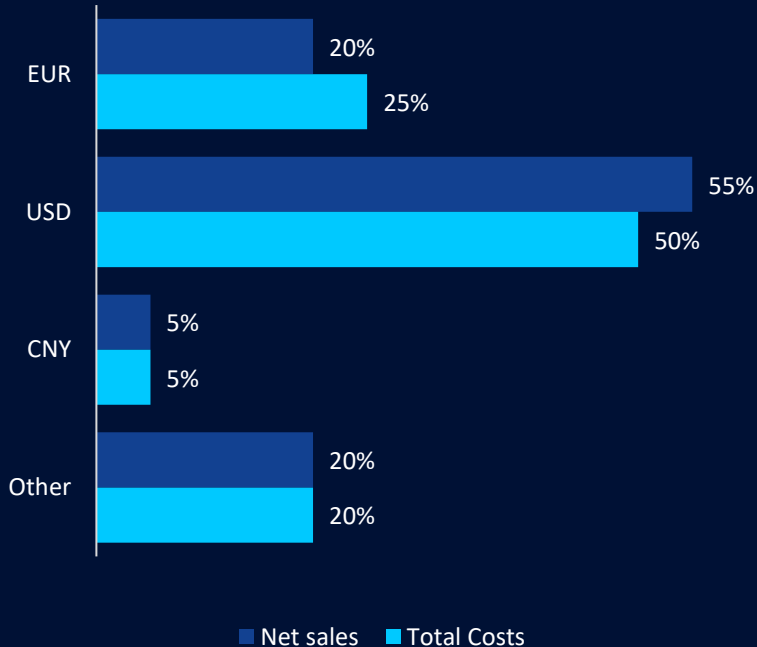
Strong underlying improvements somewhat offset by inflation

Comparable operating margin drivers in 2022



High level of natural hedging inherent in the business

Currency exposure (Q3'22)



Rule of thumb

Change in EUR/USD:

10% stronger USD

Net sales impact:

+5%

Operating margin
impact before hedging:
Slight positive

Operating profit
after hedging:

Neutral

Operating margin
after hedging:

Slight negative

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	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

Accelerate and Scale

2022 and mid term

Grow

Capitalize on renewed MN portfolio to gain share

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

Grow beyond CSP

Invest

Prioritise R&D towards technology leadership

Drive standard setting

Capitalise on private wireless leadership

Optimize

Improve R&D efficiency and digitize processes

Continuous review of business returns to optimise portfolio

Refocusing R&D in CNS towards growth areas

Innovate

New business models, strategic partnerships, enterprise expansion

Transition to SaaS

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

NOKIA