

Q1 2023
Investor Presentation

NOKIA

20 April 2023



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Agenda



Pekka Lundmark
President and CEO

4. Corporate strategy
5. Financial highlights
6. Business Group performance



Marco Wirén
CFO

13. Financial performance bridges
16. Cash flow performance
17. 2023 TAM and outlook
19. Capital Management Policy

Our Corporate Strategy

Our pillars

1

Grow CSP
business faster
than market

2

Expand the share
of enterprise

3

Actively manage
our portfolio

4

Secure business
longevity in Nokia
Technologies

5

Build new
business models

6

Develop ESG into
a competitive
advantage

Our enablers

1

Talent

2

Long-term research

3

Digitalization

4

Brand

Strong net sales growth, outlook unchanged

Q1 23 net sales

+9%

(year-on-year
constant currency)

Q1 23 gross margin

37.7%

-300 bps
year-on-year

(comparable)

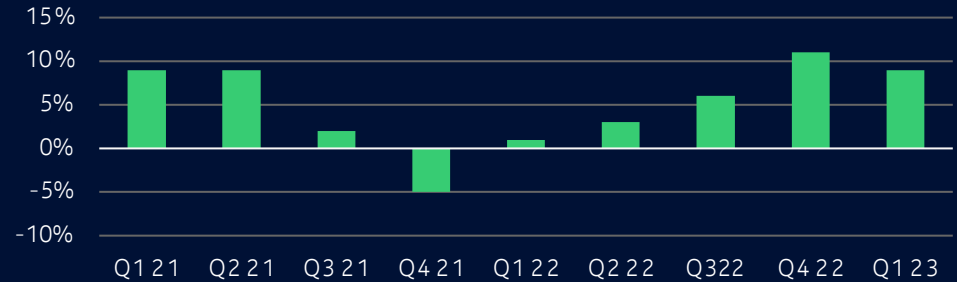
Q1 23 operating margin

8.2%

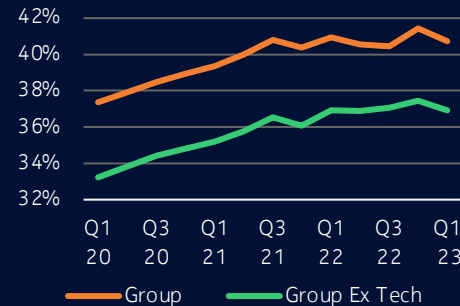
-270 bps
year-on-year

(comparable)

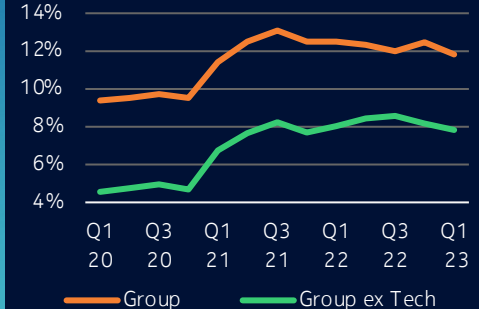
Net sales growth (constant currency)



4Q rolling comparable gross margin



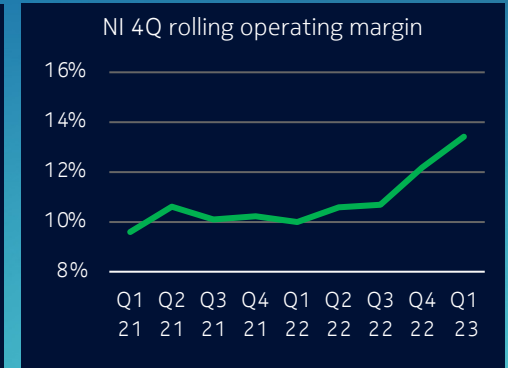
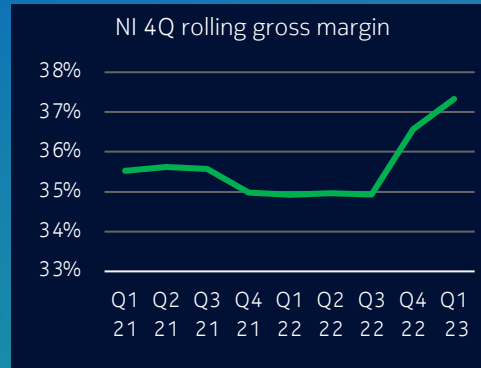
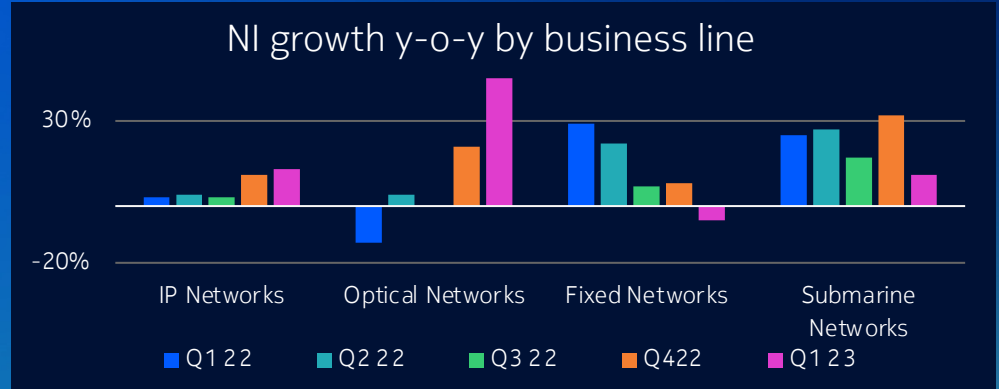
4Q rolling comparable operating margin



Network Infrastructure – growth in Optical and IP

Net sales +13%
Op. margin 15.3%

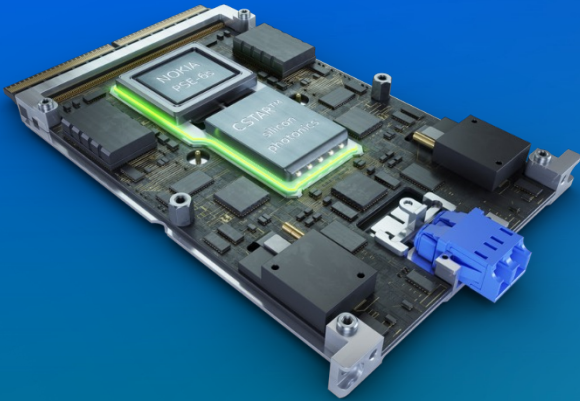
- Continued strong growth
- Optical Networks +45%
- IP Networks +13%
- Slight decline in Fixed Networks against a tough year-on-year comparison
- Strong margin progress due to positive product mix and lower costs in areas such as logistics



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

Unleashing the next frontier in optical networks

Nokia's PSE-6s super-coherent photonic service engine



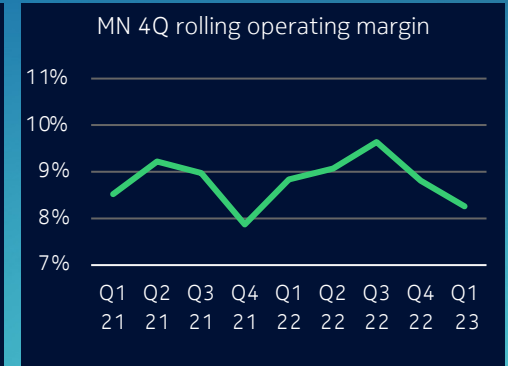
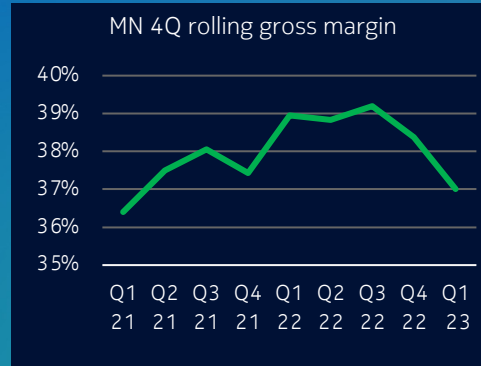
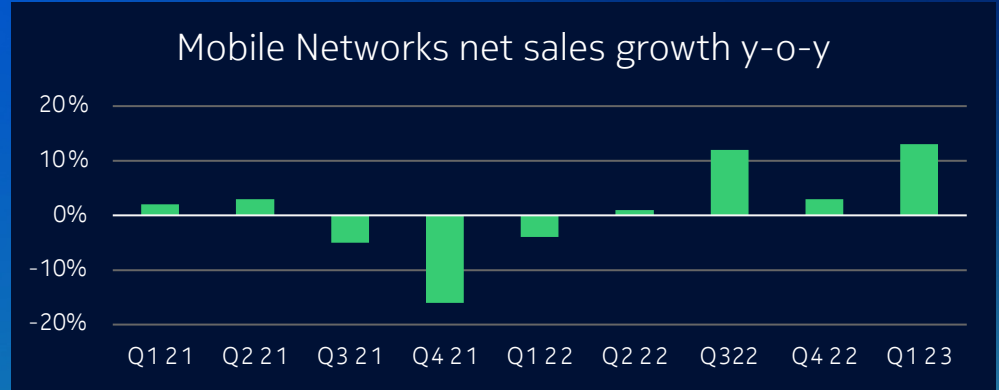
Nokia PSE-6s

- 1.2Tb/s per wavelength with pairs in a single linecard supporting an unmatched 2.4Tb/s
- New benchmark in performance to enable reach of over 2,000km for 800G wavelengths
- Sustainable network evolution with 60% less network power consumption per bit

Mobile Networks – Strong 5G ramp in India

- Strong growth in India and Europe
- North America declined as spending normalizes combined with customer inventory depletion
- Gross margin impacted by regional mix as expected
- Volume benefit and disciplined cost control offset this somewhat at operating margin
- Similar trends expected in Q2 with profitability improving into H2

Net sales +13%
Op. margin 5.3%



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

Mobile Networks - Habrok

New generation of AirScale radios driving future-ready performance

- **30% lower power consumption**
lower total cost of ownership
- **High performance radios**
increased capacity and coverage
- **High radio frequency bandwidth**
spectrum flexibility
- **30% lighter***
rapid deployment

Powered by Nokia's state-of-the-art ReefShark System-on-Chip



AirScale
Habrok32

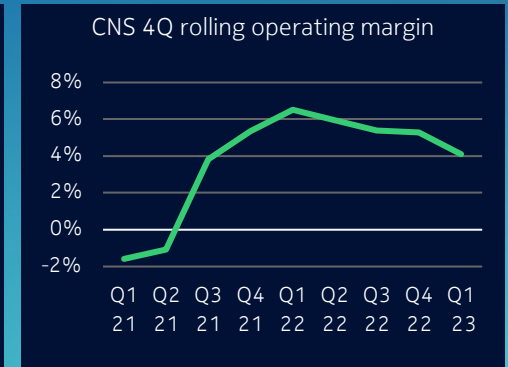
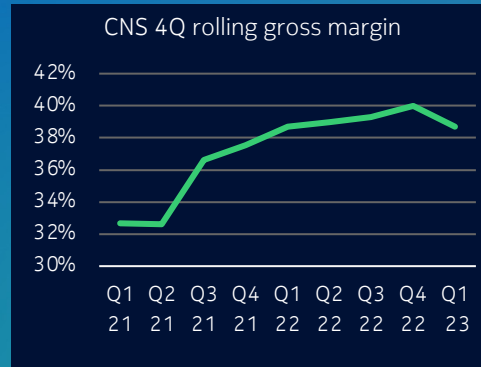
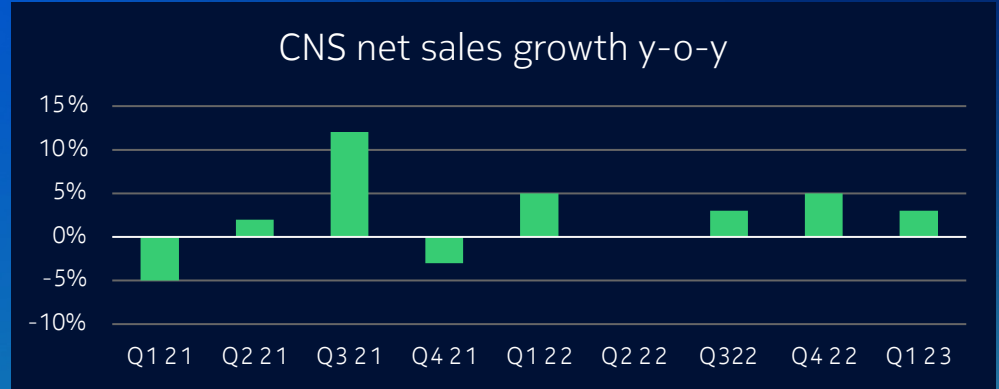


AirScale
Habrok64*

CNS growth driven by Core Networks and Enterprise

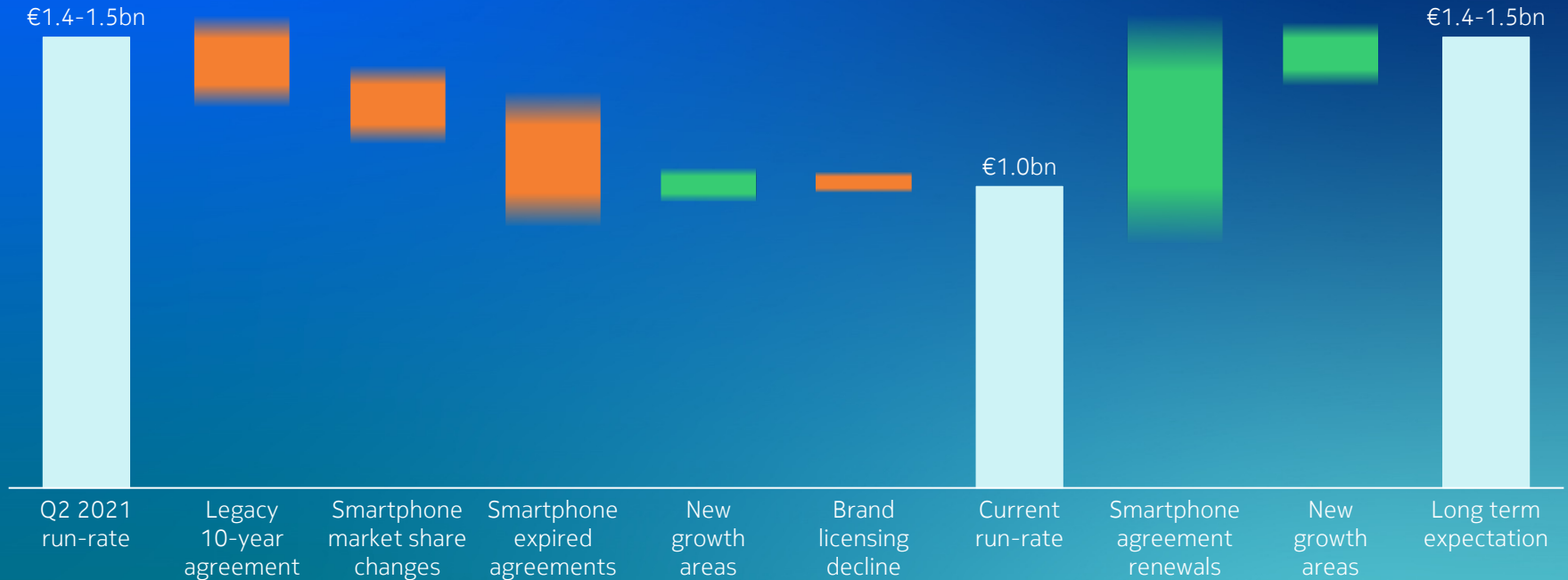
- Growth in 5G Core and Enterprise Solutions
- Margin decline due to product mix towards hardware
- Continue to re-balance portfolio

Net sales +3%
Op. margin -2.6%



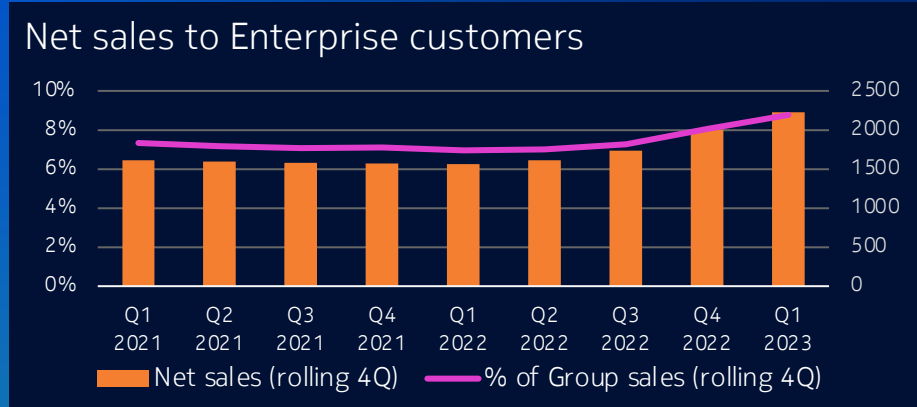
All net sales changes presented are year-on-year in constant currency

Nokia Technologies – path to returning to EUR 1.4-1.5bn run rate



Strong acceleration in Enterprise net sales

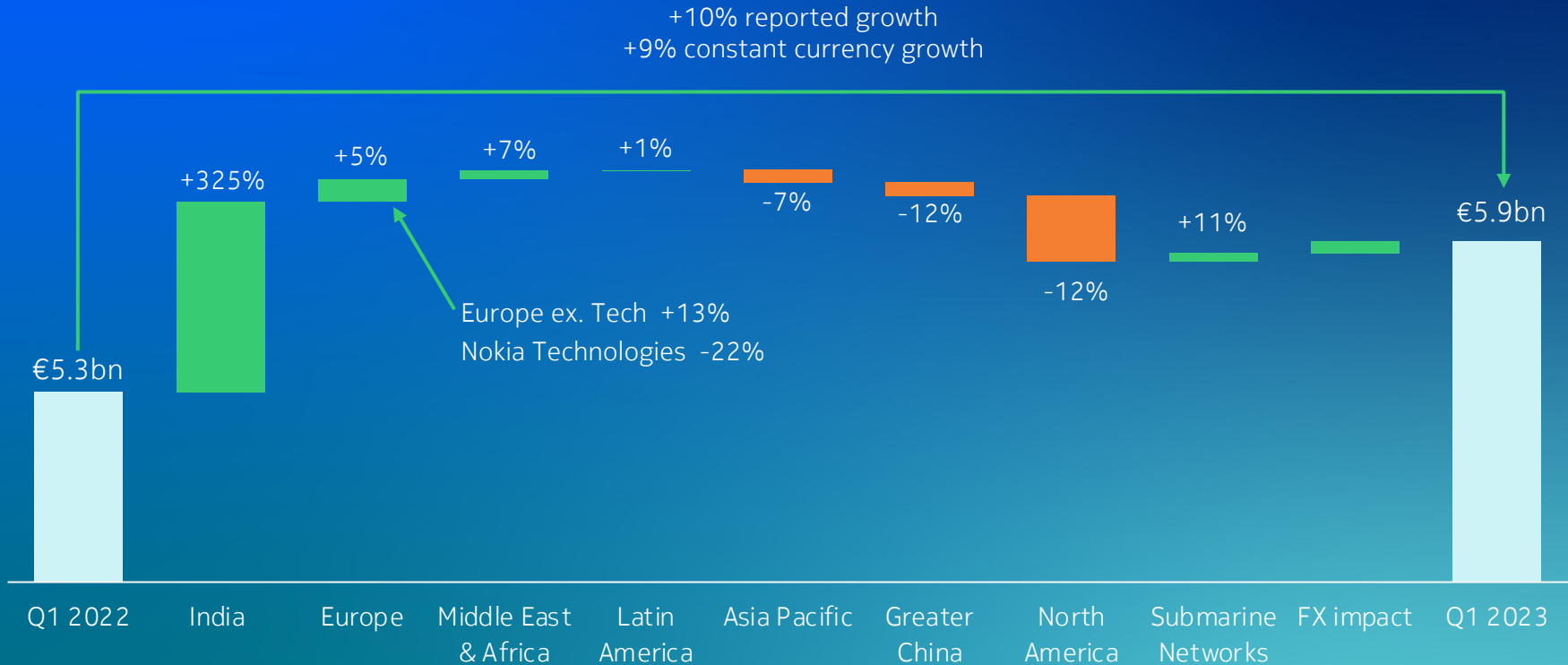
- Q1 net sales grew 62%
- Webscale more than doubled year-on-year
- >595 PW customers
- 73 new Enterprise customers



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

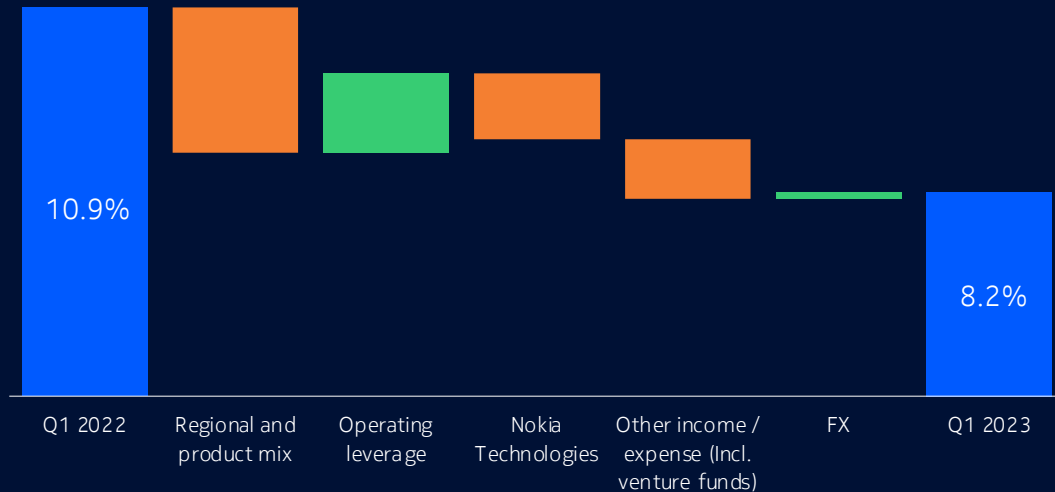
India and Europe strength more than offset North America

Year-on-year at constant currency



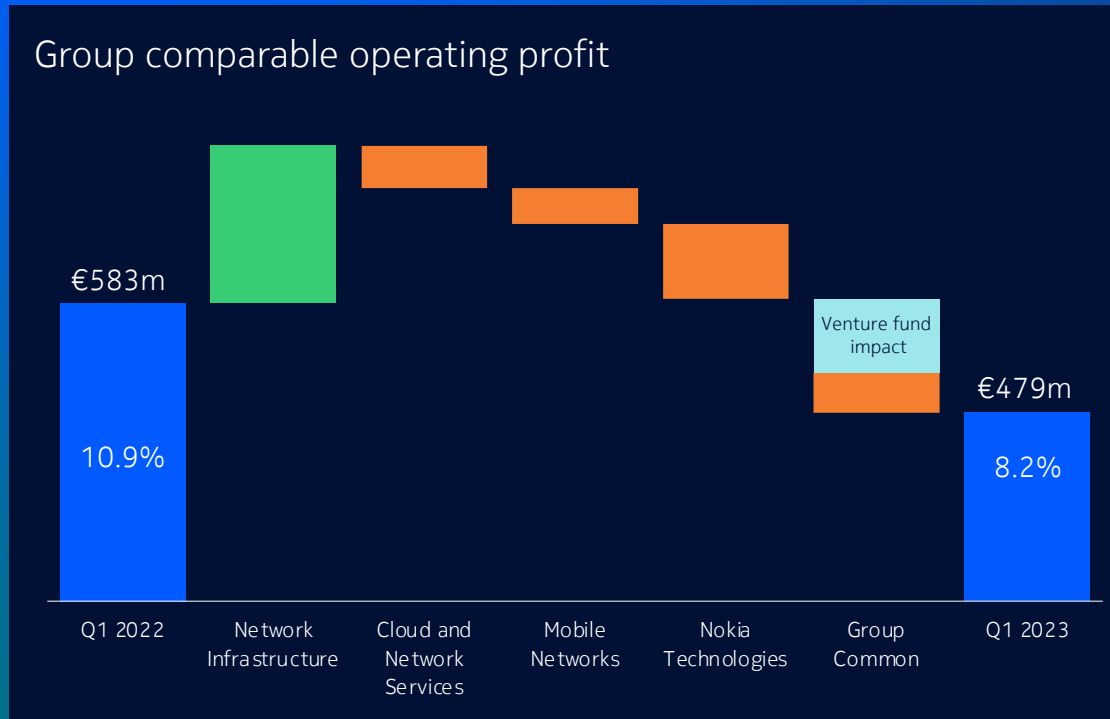
Regional and product mix offset leverage from growth

Group comparable operating margin



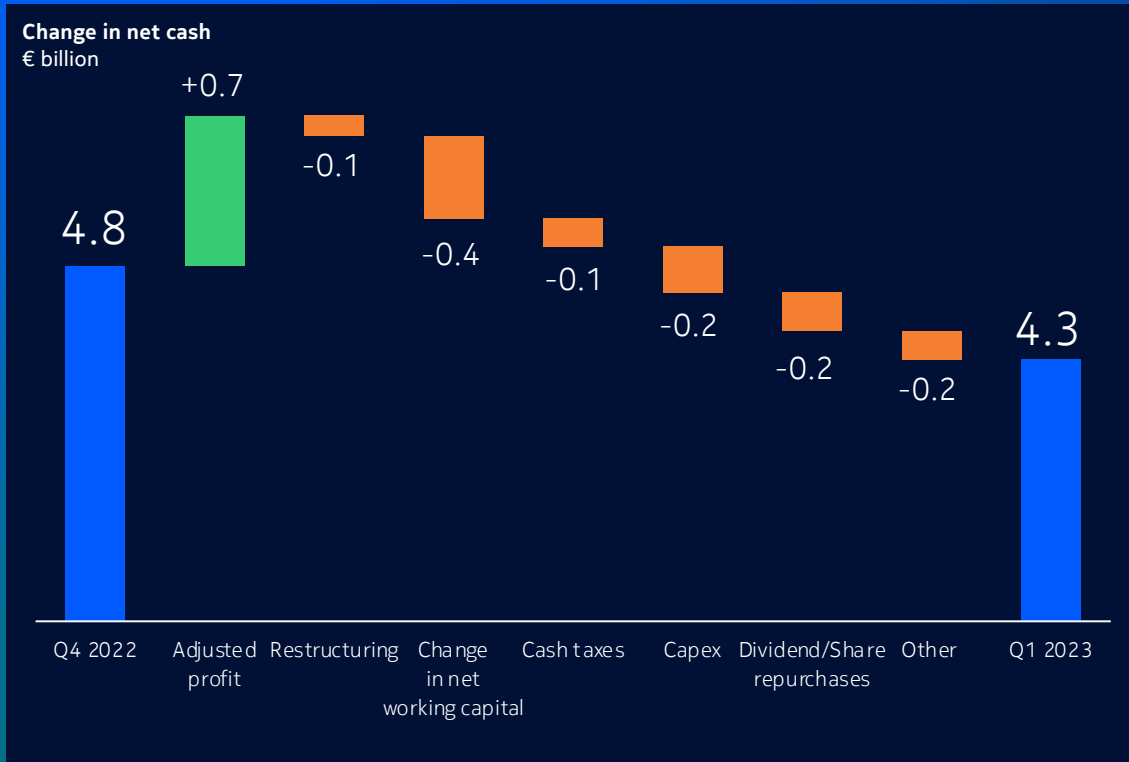
- Operating leverage partly offsetting regional and product mix impact
- Venture funds impacted other operating income / expense
- Minimal impact from FX

Network Infrastructure expansion offset by other BGs



- Network Infrastructure showed strong expansion from mix
- Cloud and Network Services decline related to product mix
- Mobile Networks impacted by regional shift
- Lower net sales in Nokia Technologies drives lower profit
- Group Common saw negative impact related to venture funds

Free cash flow impacted by working capital investment



- Free cash flow negative EUR 0.1bn
- Net working capital mainly driven by accounts payable
- Returned EUR 190 million to shareholders through dividend and share buyback

Market growth in 2023 across BGs, led by 5G deployments in India

Estimated, in EUR ¹	2023	YoY (at const. ccy)	YoY prior est. (at const. ccy)
Network Infrastructure ²	47bn	+4%	+4%
Mobile Networks ³	51bn	+4%	+5%
Cloud and Network Services	28bn	+3%	+4%

¹Total addressable market forecasts assume the currency rate of 1 EUR = 1.09 USD as of 31 March 2023 through 2023. The addressable market is excluding Russia and Belarus.

²Excluding Submarine Networks

³Excluding China

2023 outlook

Full year 2023

Net sales ¹	€24.6 billion to €26.2 billion (2 to 8% growth in constant currency)
Comparable operating margin ²	11.5 to 14.0%
Free cash flow ²	20 to 50% conversion from comparable operating profit

¹Assuming the rate 1 EUR = 1.09 USD as of 31 March 2023 continues for the remainder of 2023 along with actual Q1 foreign exchange rates (adjusted from prior 1.07 USD rate as of 31 December 2022). Assuming the year-end 2022 exchange rate the net sales outlook would continue to be EUR 24.9bn to EUR 26.5bn.

²Please refer to the Performance measure section of our Interim Report for Q1 2023 for a full explanation of how these terms are defined.

Refined capital management policy

Target net cash

10 - 15%

of net sales

- Ensure investments in R&D, fund working capital and maintain flexibility for bolt-on M&A
- Investment grade with two credit rating agencies
- Not imminently taking action in 2023 but expect significant improvement in cash generation in 2024
- Look to start acting to align to target (through increased shareholder returns and/or bolt-on M&A)

Q&A

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