



Q3 2023
Financial results

19 October 2023

NOKIA

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Pekka Lundmark
President and CEO

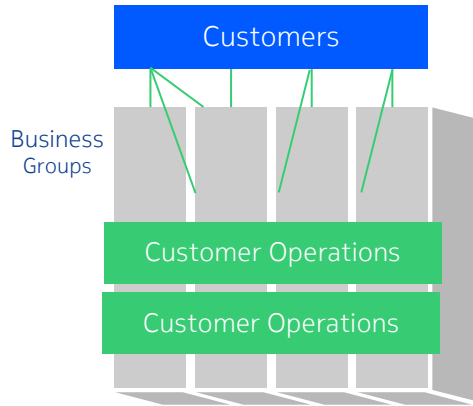


Marco Wirén
CFO

Accelerate strategy execution through operational autonomy

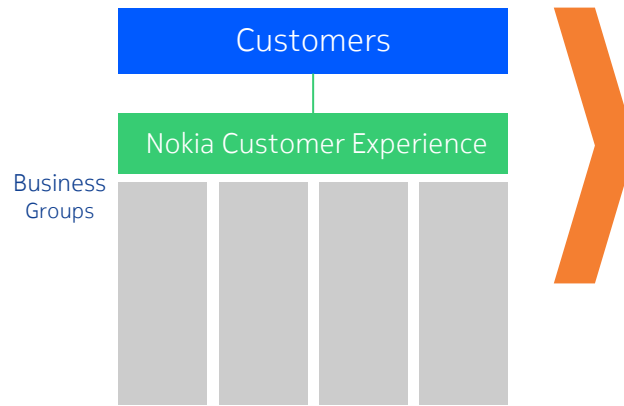
Streamlining operating model to create dedicated sales teams

Complex matrix organization



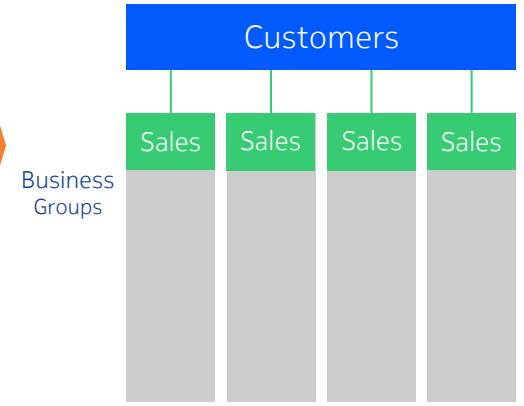
Limited accountability
Slow decision making

Clearly accountable business group organization



Financial accountability
Some challenges in decision making as sales distinct from BG

Empowering BGs with dedicated sales and bringing customers closer to BG



Co-ordination for customer relationship management and cross-BG matters

Nokia will reduce its cost base to secure long-term profitable growth in the face of a more challenging market environment

EUR 800-
1,200m
gross cost savings
by 2026

Approx. 70% in
Operating Expenses

EUR 400m
In-year savings in 2024

Executing quickly on the cost
reduction program

72-77k
headcount by end
of 2026

Compared to current
workforce of ~86k

Outlook maintained despite weak operator spending weighing on Q3

Q3 23 net sales (EUR)

5.0bn

-15% year-on-year in constant currency

Q3 23 gross margin

39.2%

-120 bps year-on-year

(comparable)

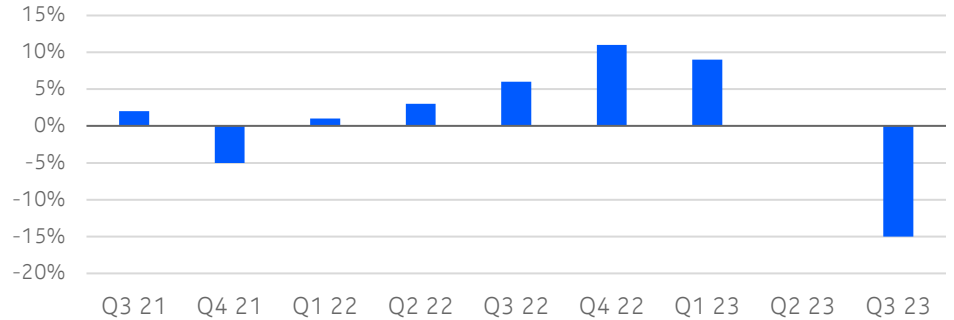
Q3 23 operating margin

8.5%

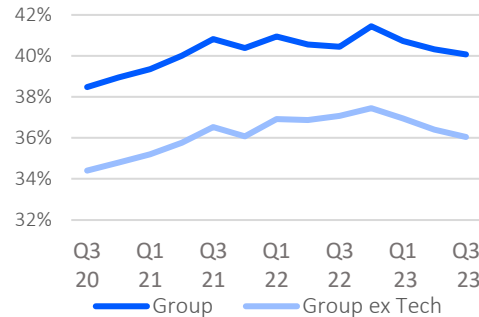
-200 bps year-on-year

(comparable)

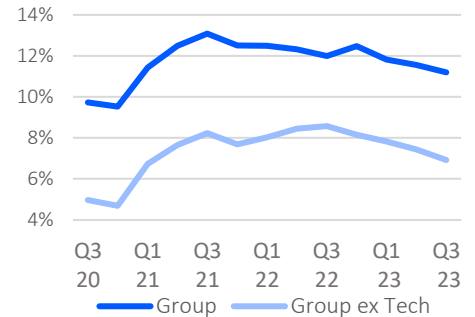
net sales growth (constant currency)



4Q rolling comparable gross margin



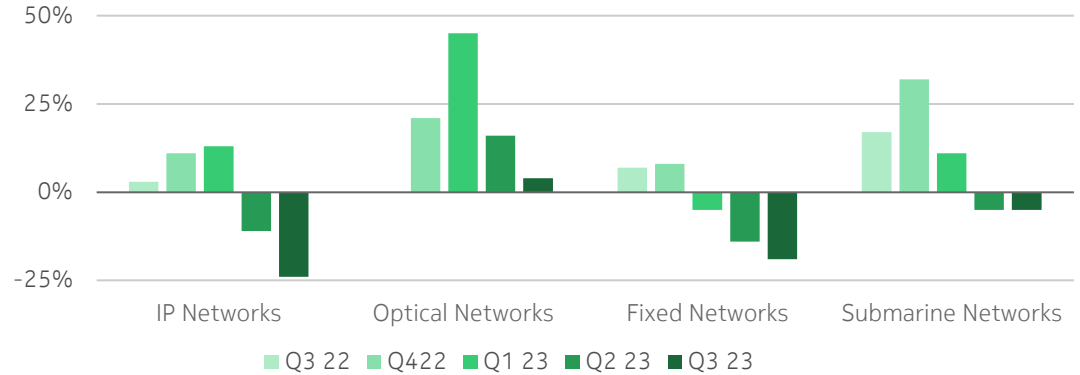
4Q rolling comparable operating margin



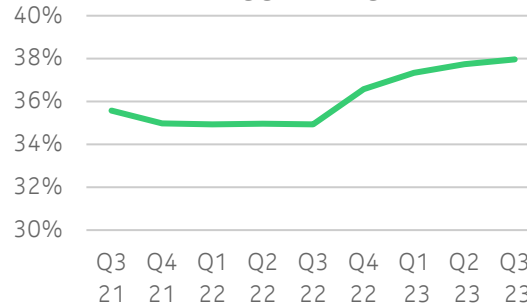
Network Infrastructure

- Net sales impacted by macroeconomic pressures and inventory digestion
- IP Networks and Fixed Networks particularly impacted
- Optical Networks grew by 4%
- Gross margin improved 70bps
- Operating margin somewhat resilient at 9.5%

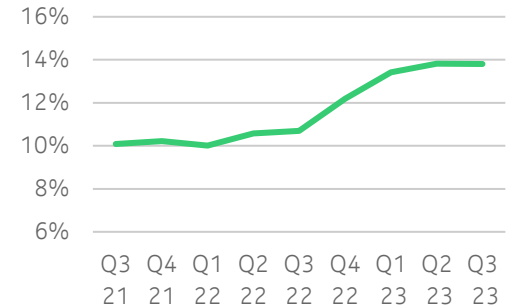
NI growth y-o-y by business line



NI 4Q rolling gross margin



NI 4Q rolling operating margin



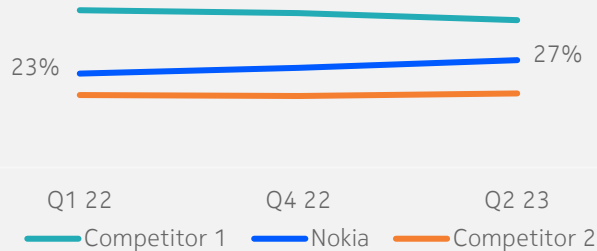
All net sales changes presented are year-on-year in constant currency



Mobile Networks

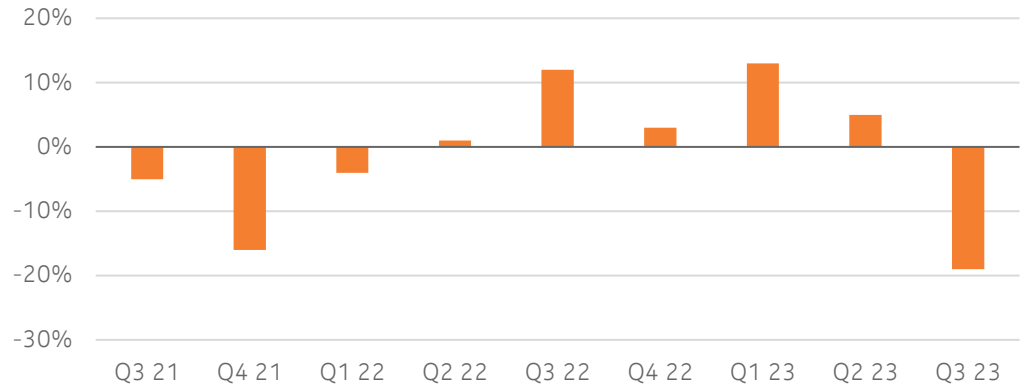
- Net sales impacted by North America continued inventory digestion
- Strong India growth y-o-y but volumes moderated q-o-q
- Gross margin negatively impacted by regional mix while showing sequential improvement

Total RAN excluding China (rolling 4Q)

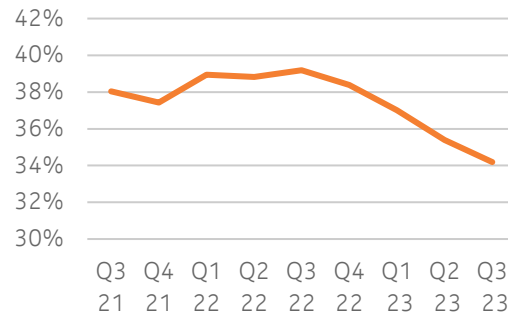


Source: Dell'Oro

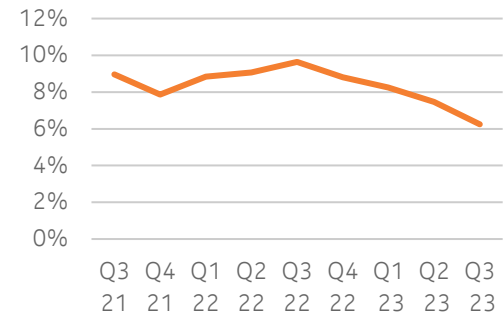
Mobile Networks net sales growth y-o-y



MN 4Q rolling gross margin



MN 4Q rolling operating margin

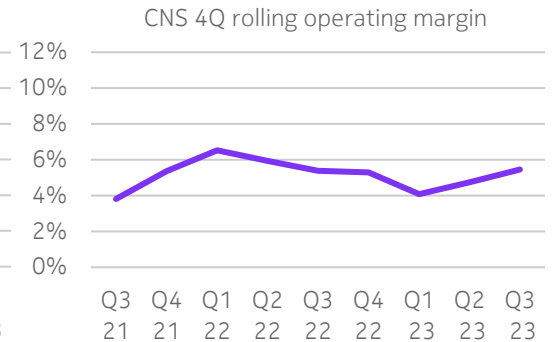
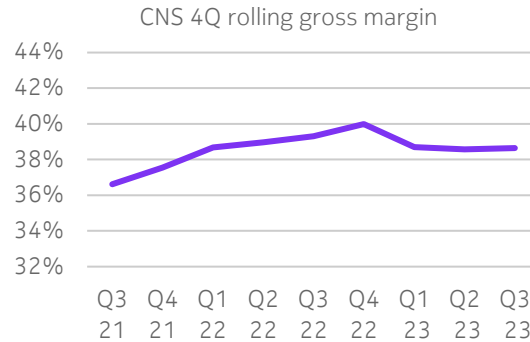
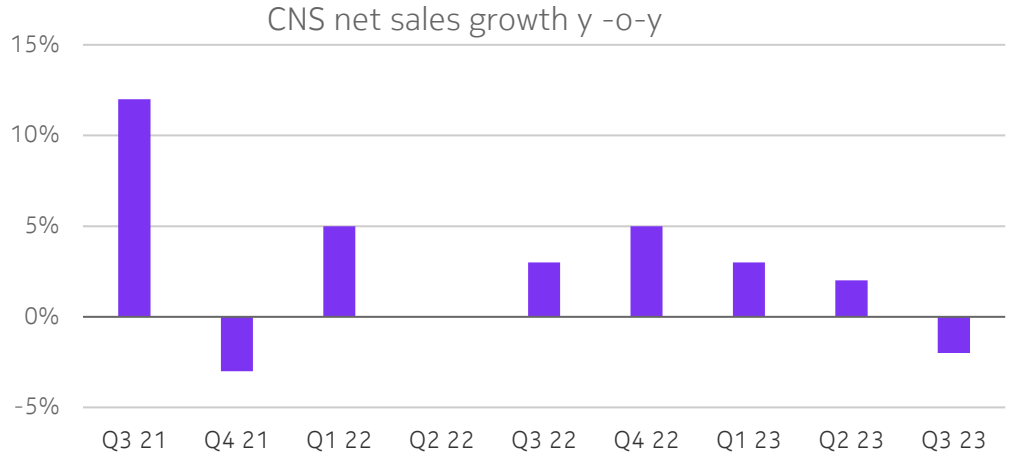


All net sales changes presented are year-on-year in constant currency



Cloud and Network Services

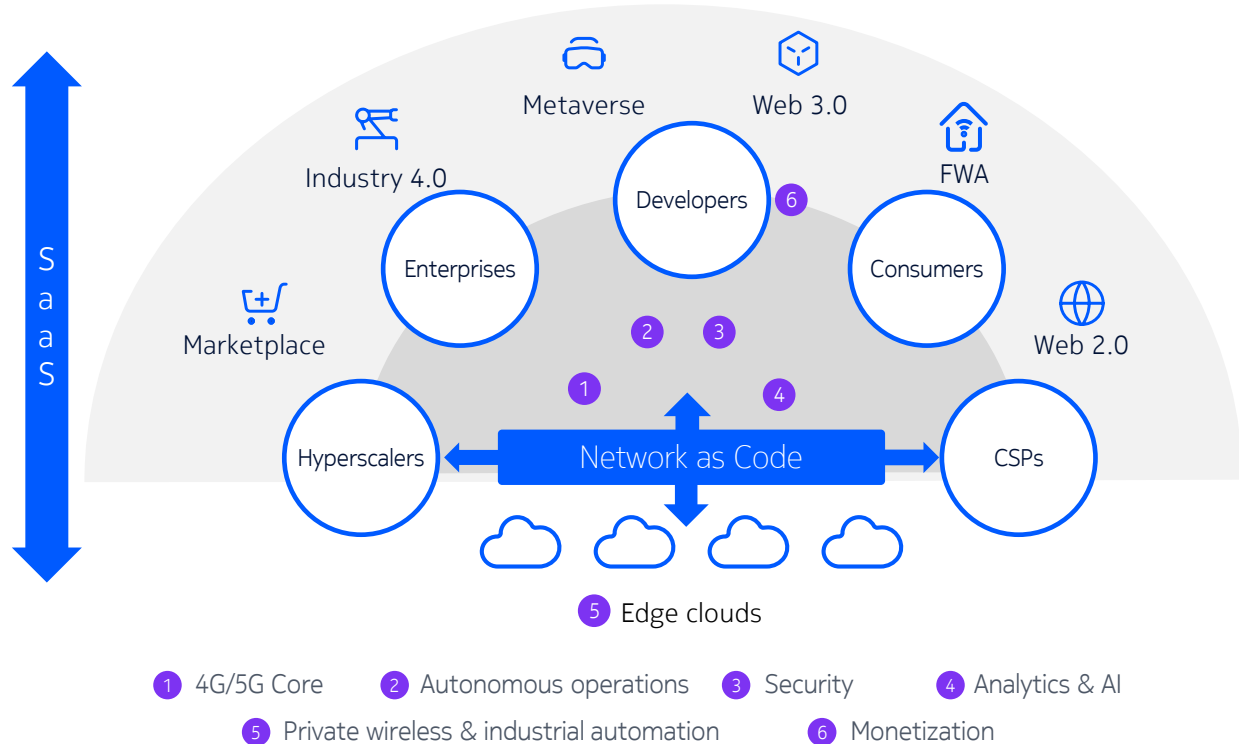
- Overall stable performance
- Enterprise Solutions continues to grow
- Operating margin expanded 290bps y-o-y
- Launched organically developed Network-as-a-Code platform



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



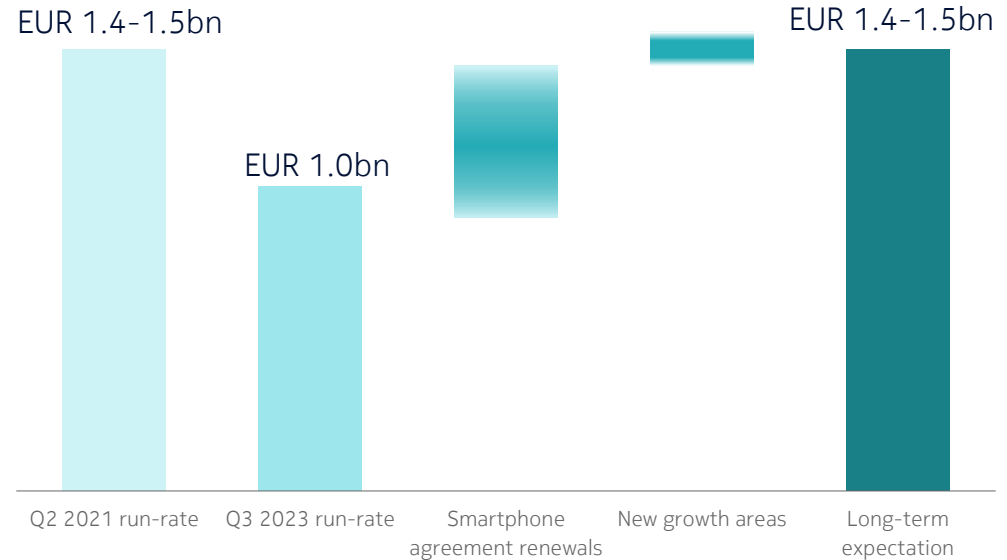
Opportunity for value capture beyond connectivity



Nokia Technologies

- Q3 run rate EUR 1.0bn, stable compared to prior quarter
- Continued progress in IoT and multimedia in Q3
- Confident in ability to return to EUR 1.4-1.5bn run rate
- Now have 6 000 patents declared essential to 5G

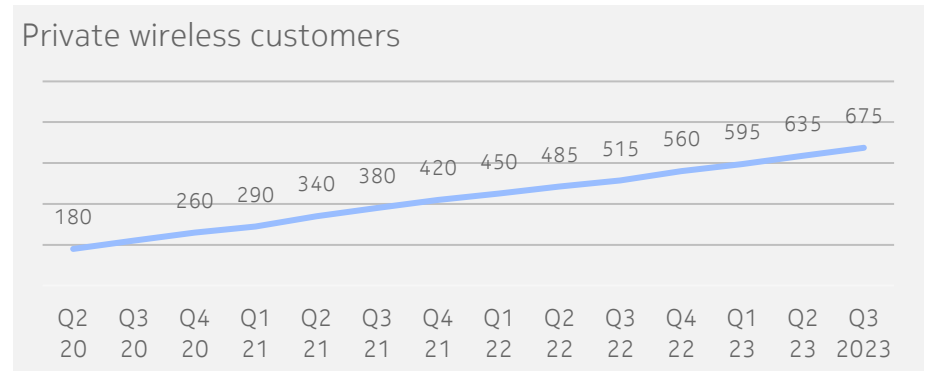
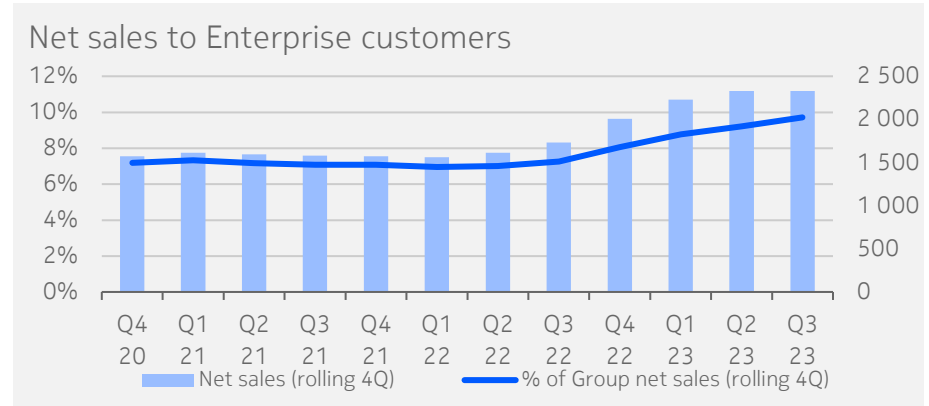
Nokia Technologies run-rate evolution



This chart is to illustrate our financial planning assumptions. This chart is not illustrative of our view on deal valuations. Actual outcomes of negotiations may be different.

Enterprise momentum continues

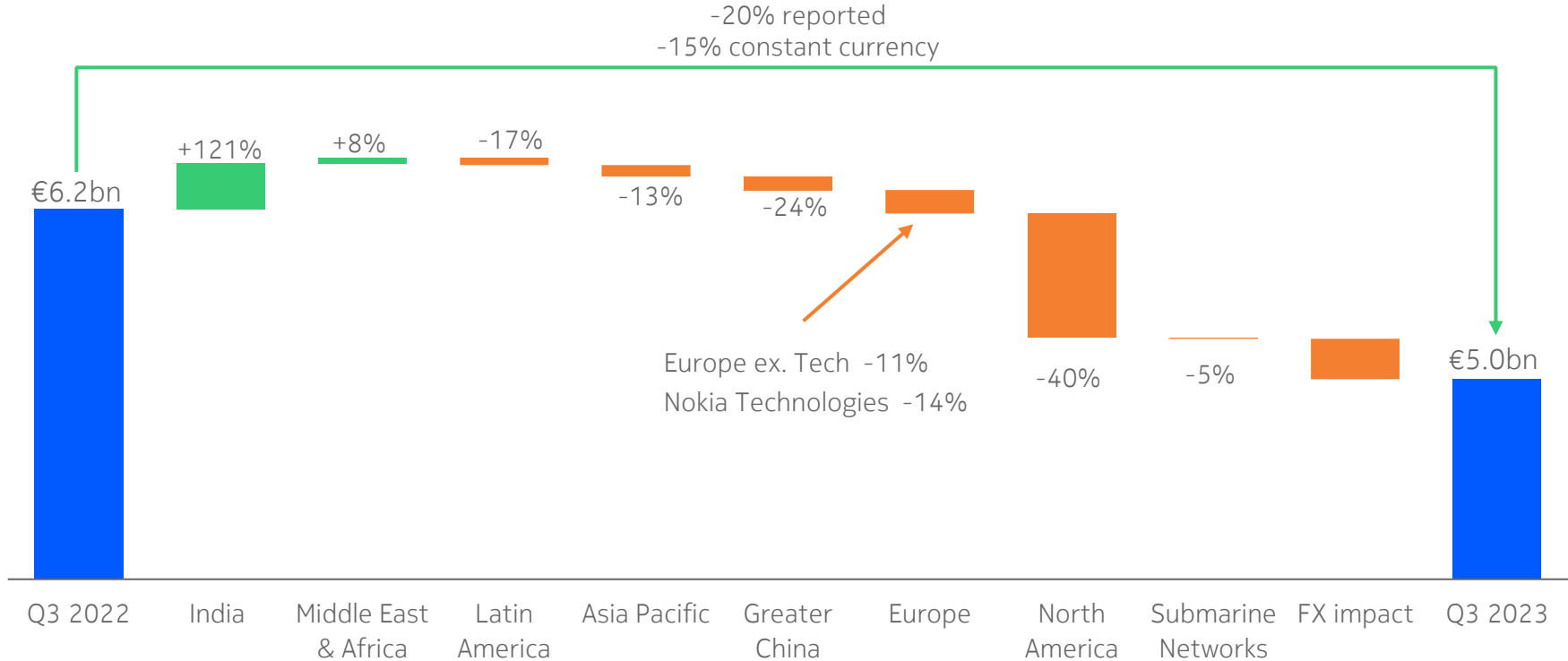
- Net sales increased 5% in Q3
- Reached ~10% of group net sales on a 4Q rolling basis
- Added 85 Enterprise customers in Q3
- Private wireless grew double-digit; now 675 customers



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

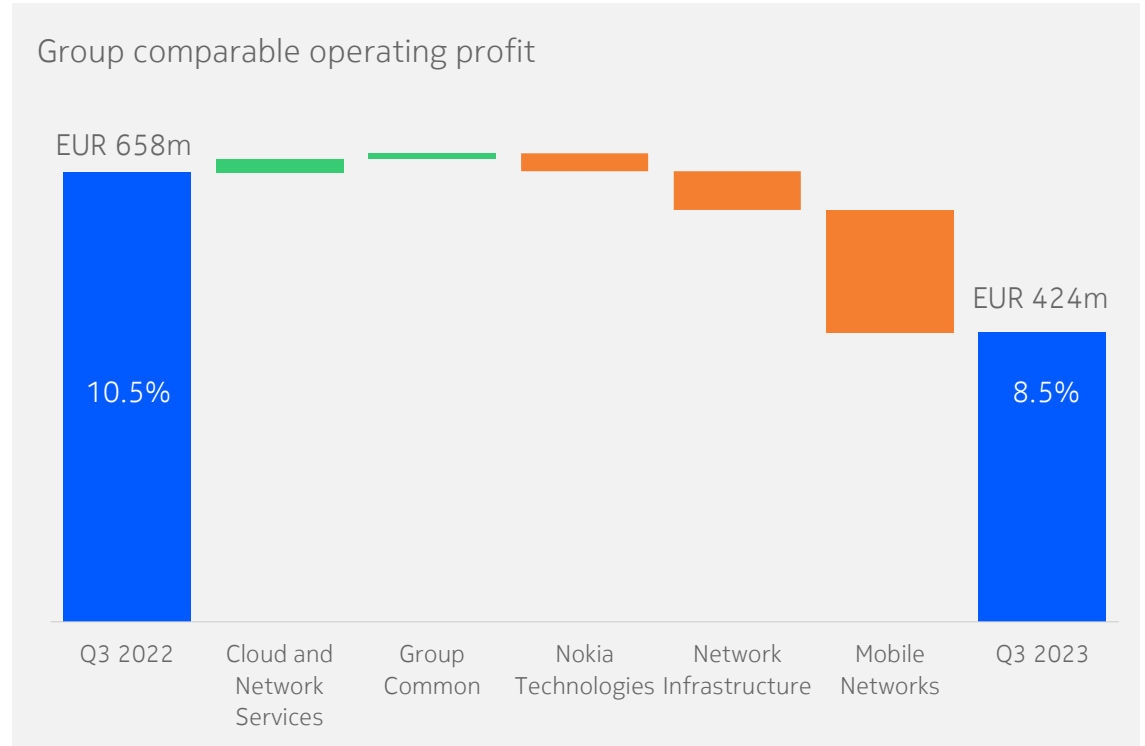
Growth in India not enough to offset declines elsewhere

Year-on-year at constant currency



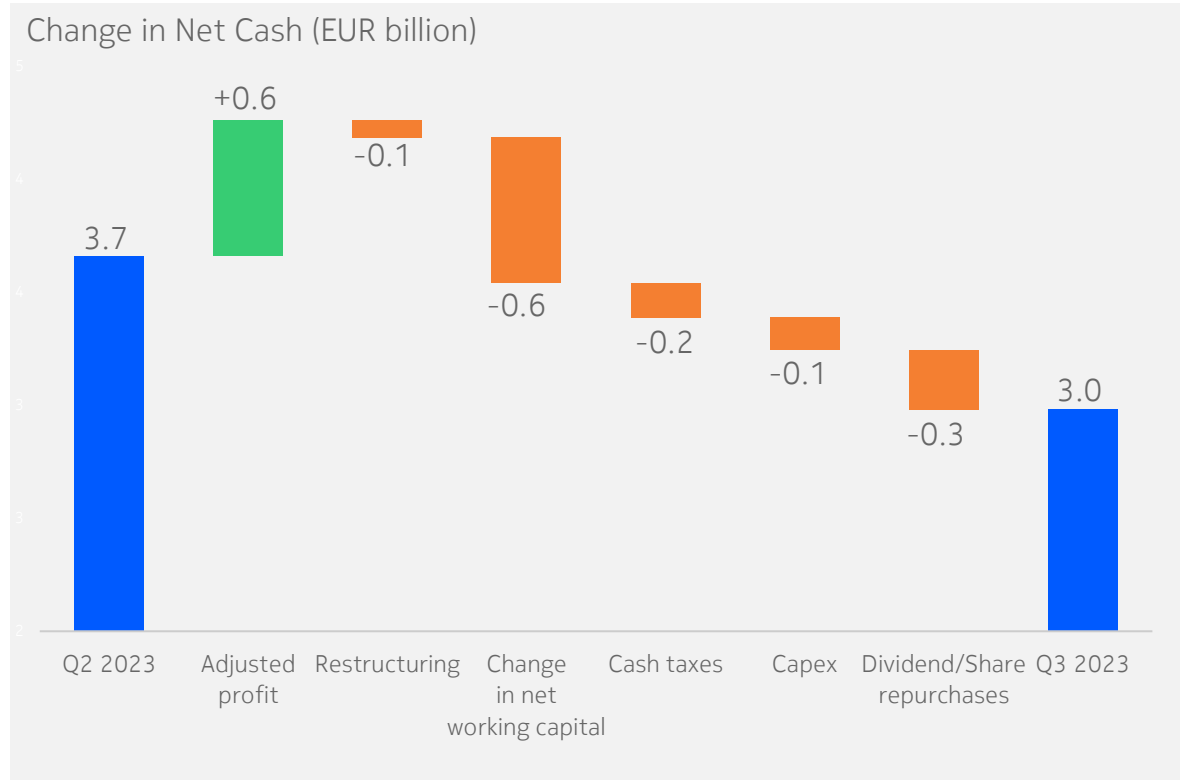
Operating profit by Business Group

- Mobile Networks continued to be impacted by regional shift
- Network Infrastructure somewhat resilient despite top-line decline
- Cloud and Network Services progress continues
- Venture fund impact flat compared to last year



Free cash flow impacted by working capital

- Free cash flow negative EUR 0.4bn
- Net working capital continued to negatively impact cash
- Returned EUR 0.3bn to shareholders through dividend and share buyback



Macro uncertainty continues to weigh on 2023 TAM

Estimated, in EUR ¹	2023	YoY (at const. ccy)	YoY prior est. (at const. ccy)
Network Infrastructure ²	43bn	-1%	+1%
Mobile Networks ³	44bn	-9%	-2%
Cloud and Network Services	27bn	+2%	+3%

¹Total addressable market forecasts assume the currency rate of 1 EUR = 1.06 USD as of 30 September 2023 continues through the remainder of 2023 along with actual year-to-date FX rates. The addressable market is excluding Russia and Belarus. ²Excluding Submarine Networks ³Excluding China

2023 outlook maintained

Assuming closure of outstanding deals in Nokia Technologies

Full year 2023

Net sales¹

EUR 23.2 billion to EUR 24.6 billion
(-4 to +2% growth in constant currency)

Comparable operating margin²

11.5 to 13.0%

Free cash flow²

20 to 50% conversion from comparable operating profit

¹Assuming the rate 1 EUR = 1.06 USD as of 30 September 2023 continues for the remainder of 2023 along with actual year-to-date foreign exchange rates (adjusted from prior 1.09 USD rate as of 30 June 2023).

²Please refer to the Performance measure section of our Interim Report for Q3 2023 for a full explanation of how these terms are defined.

Q&A

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