



Q4 2023
Financial results

25 January 2024

NOKIA

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Agenda

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Pekka Lundmark
President and CEO



Marco Wirén
CFO

Executing quickly on our operating model evolution

2024 started with structural changes implemented

Sales model transition

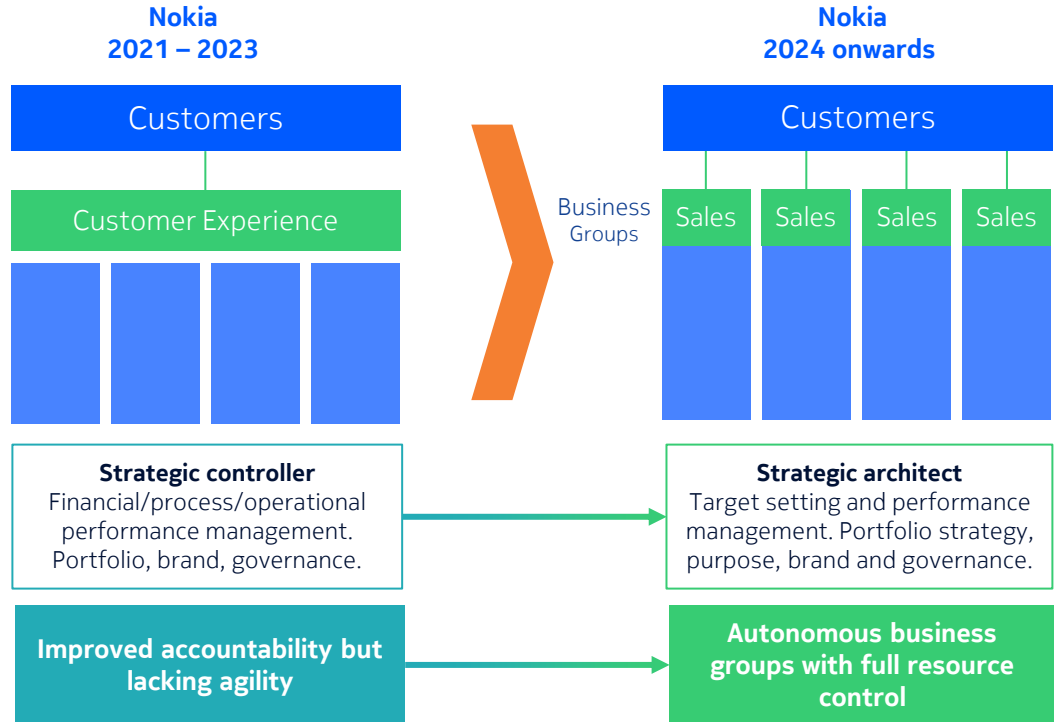
- ✓ Sales embedded into BGs
- ✓ Customer Account Executives appointed
- ✓ Country Managers role reinforced

Autonomous business groups

- ✓ Some corporate function staff moved into Business Groups
- ✓ Increased reporting transparency preparations in place

Reset cost base

- ✓ Actions already commenced in Q4
- ✓ On track for EUR 400 million in-year gross savings in 2024



Improving order intake and cash flow at the end of a challenging year

Q4 23 net sales

-21%

Q4 23 operating margin

14.8%

-70bps y-o-y

Q4 23 FCF (EUR)

1.7bn

FY 23 net sales

-8%

FY 23 operating margin

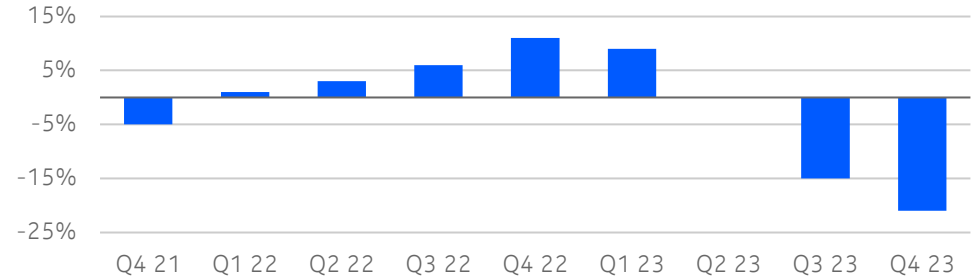
10.7%

-180bps y-o-y

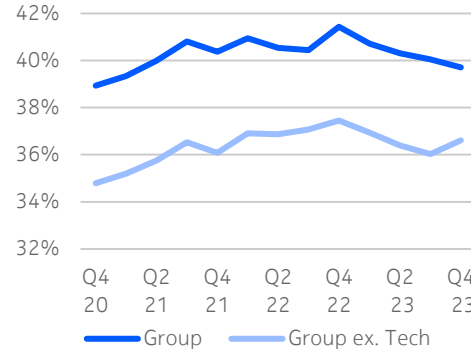
FY 23 net cash (EUR)

4.3bn

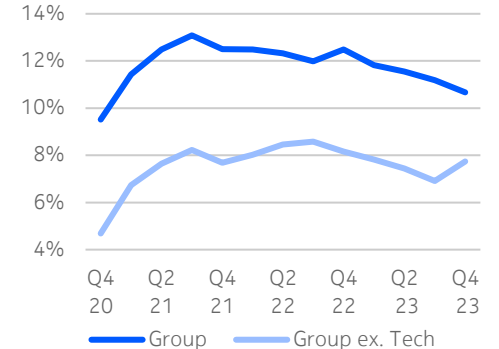
Net Sales growth (constant currency)



4Q rolling comparable gross margin



4Q rolling comparable operating margin



All net sales changes presented are year-on-year in constant currency and margin is on a comparable basis

Network Infrastructure

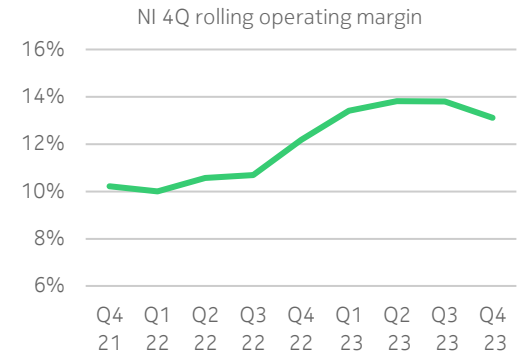
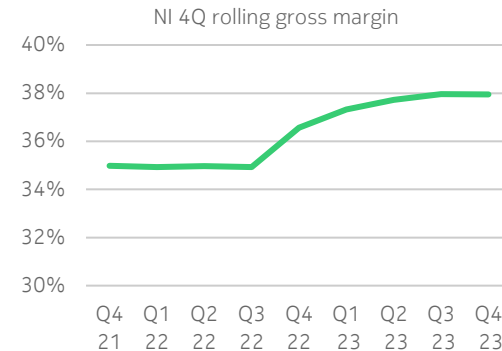
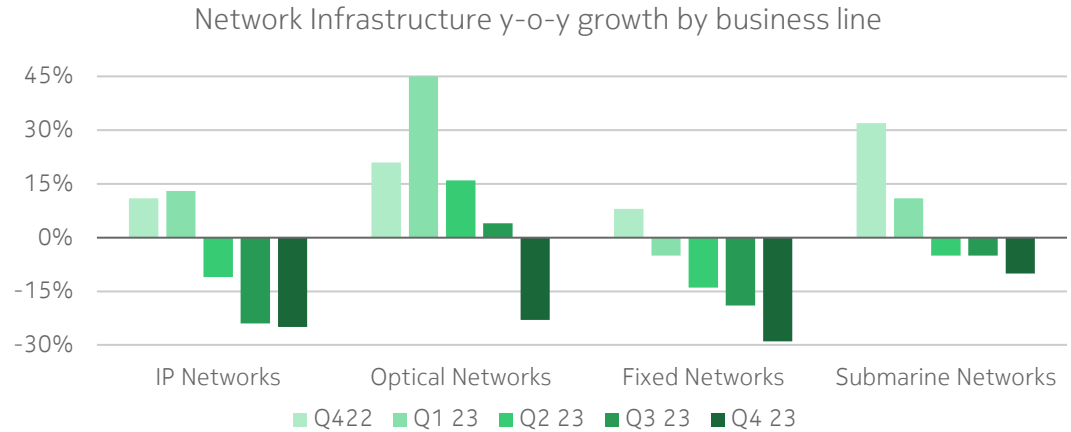
Tough y-o-y compare and macro impact net sales

Improvement in gross margin across several businesses

Strong Q4 orders give confidence in full year 2024 growth

Second half of 2024 expected to be stronger than first half

2023 operating margin		
Target from 2021 CMD	2023 planning assumption	Actual
9-12%	11-14%	13.1%



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



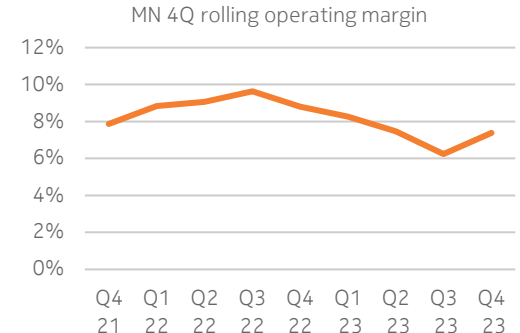
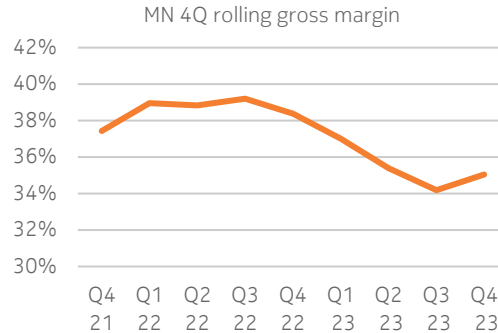
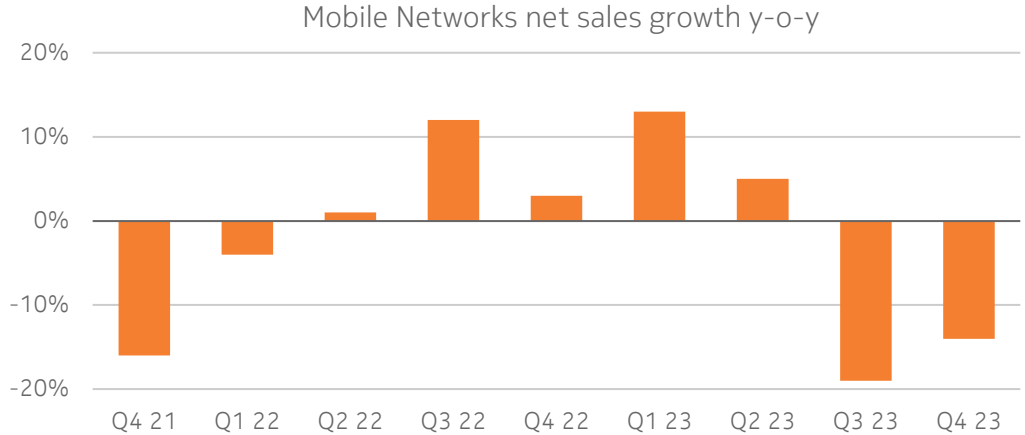
Mobile Networks

Net sales impacted by India normalization and continued weakness in North America

Gross margin benefit from regional and product mix

Cost saving plans in place to counter 2024 top-line challenges

2023 operating margin		
Target from 2021 CMD	2023 planning assumption	Actual
5-8%	7-10%	7.4%



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



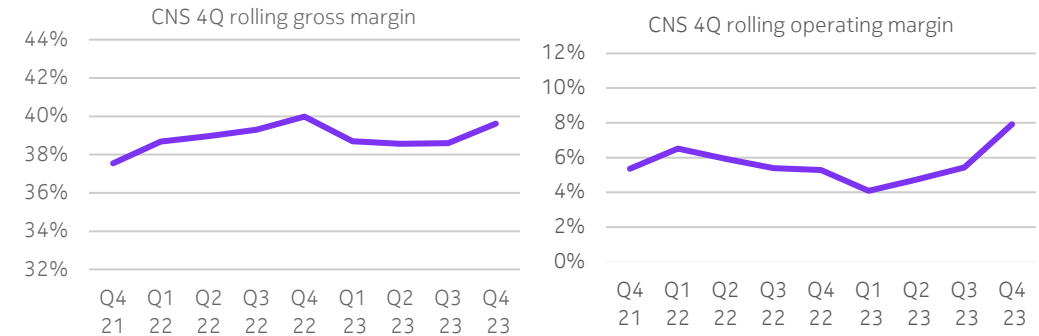
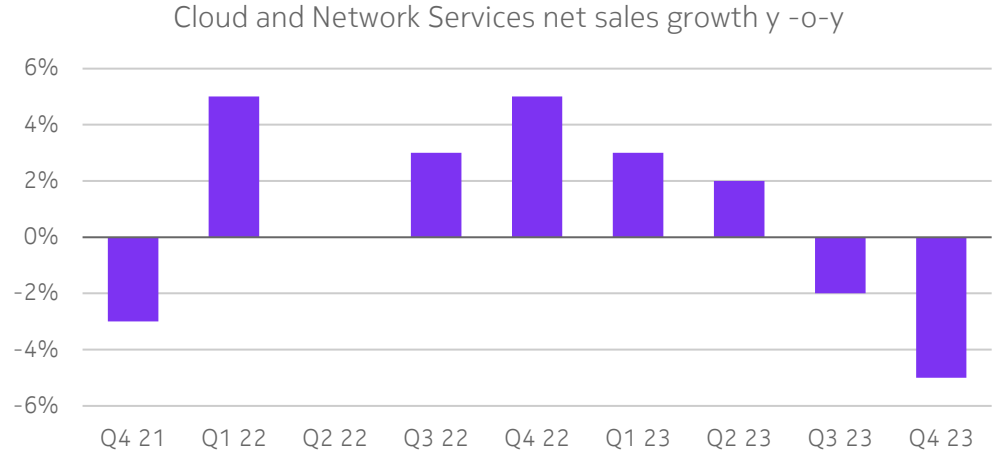
Cloud and Network Services

Net Sales decline of 5%

Strong Q4 profitability as expected

Recent divestment of Device Management and Services Management Platforms

2023 operating margin		
Target from 2021 CMD	2023 planning assumption	Actual
8-11%	5.5-8.5%	7.9%

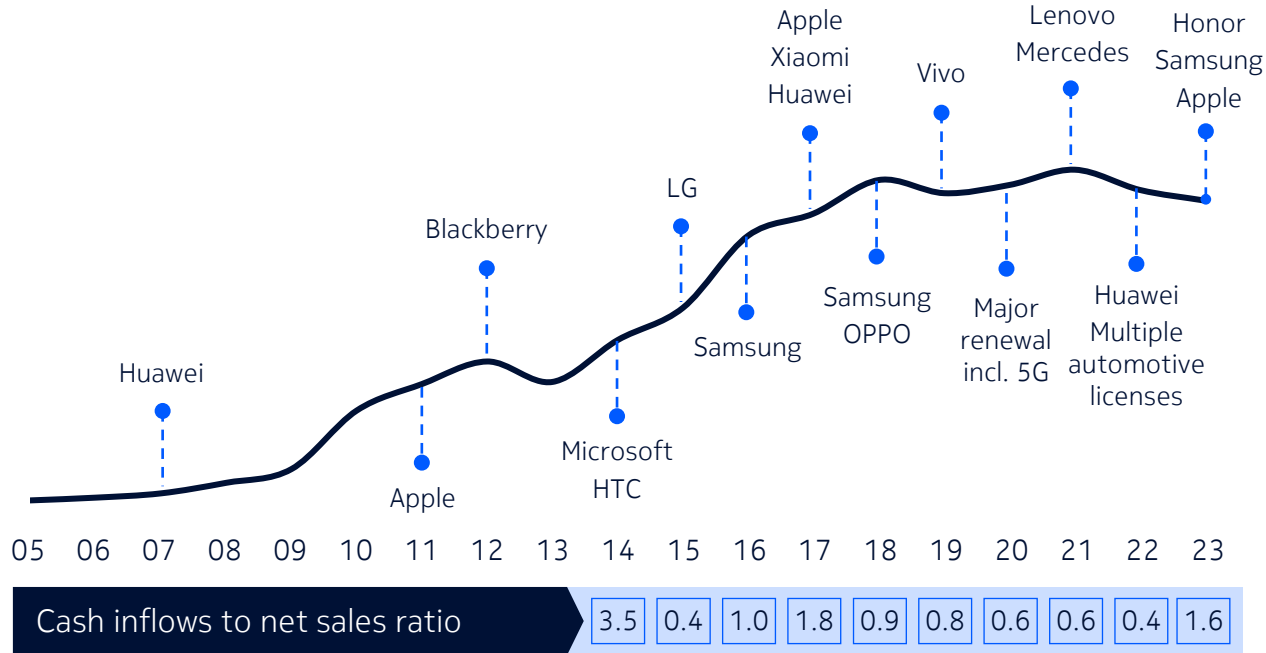


All net sales changes presented are year-on-year in constant currency



Deal renewals secure Nokia Technologies outlook

Patent business net sales and key deals



Proven assets
Strong IP assets with their value proven through the legal system

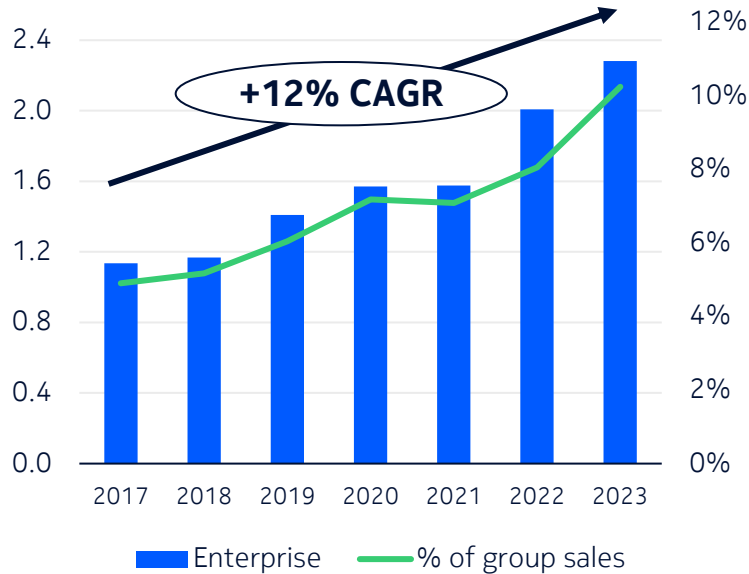
Expert team
Strong patent creation, licensing, and litigation teams

Licensee-friendly
Compelling licensing offering incl. patents and technology

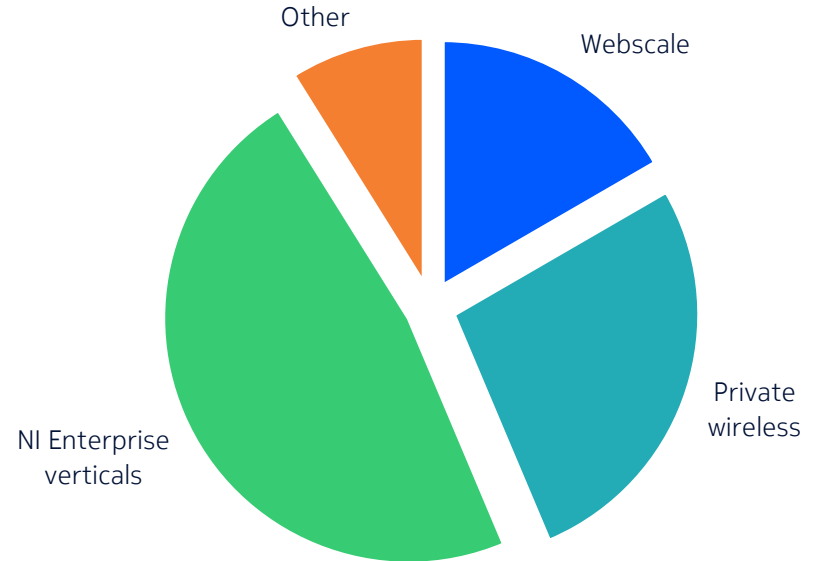
NOTE: A limited subset of example deals is presented here for illustration purposes only and may include past and/or current licensees and do not imply future license renewals. Patent business net sales are illustrated using a 3-year moving average (centered). Cash inflows to net sales ratio shown is for Nokia Technologies.

Continued momentum in Enterprise, now >10% of net sales

Net sales to Enterprise customers (EUR bn)

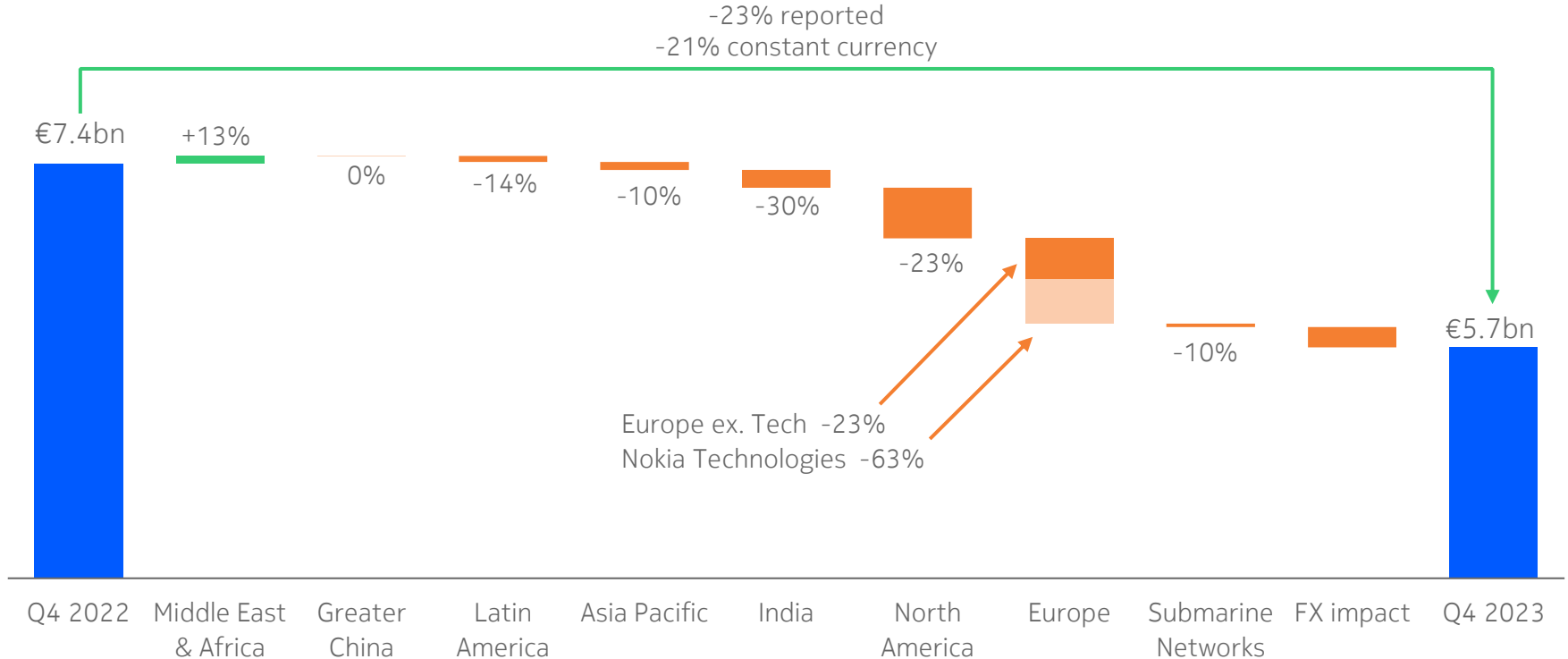


Approximate breakdown of 2023 Enterprise net sales



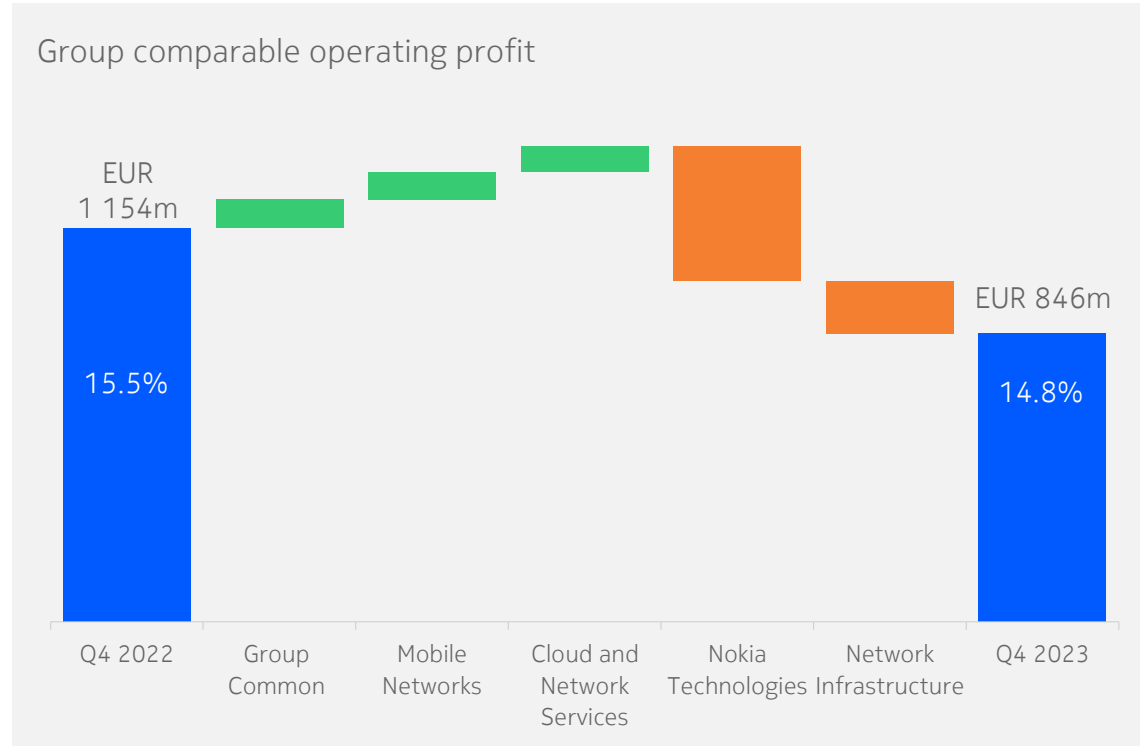
Broad-based declines amidst macroeconomic uncertainty

Year-on-year at constant currency



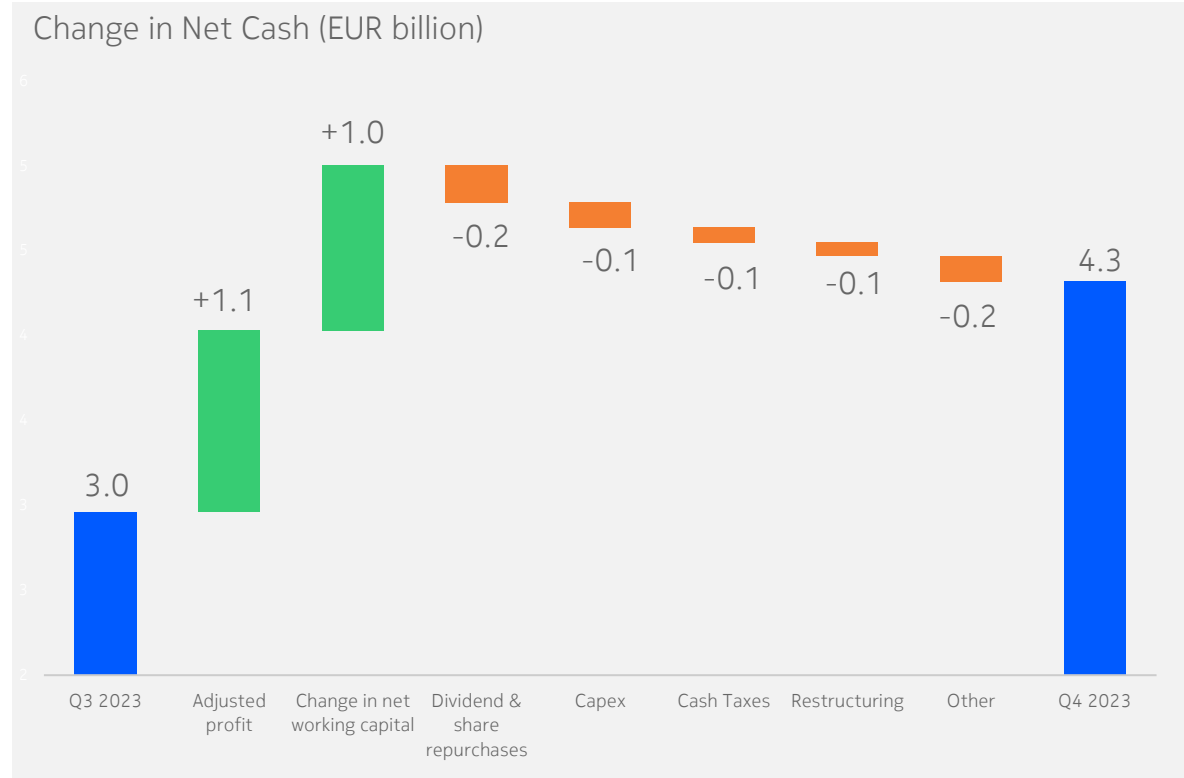
Q4 operating profit by Business Group

- Lower net sales from Nokia Technologies drove majority of decline
- Mobile Networks benefited from favorable mix
- Network Infrastructure reflected top-line decline
- Cloud and Network Services progress continues with good performance in the quarter
- Venture fund losses lower than year-ago quarter

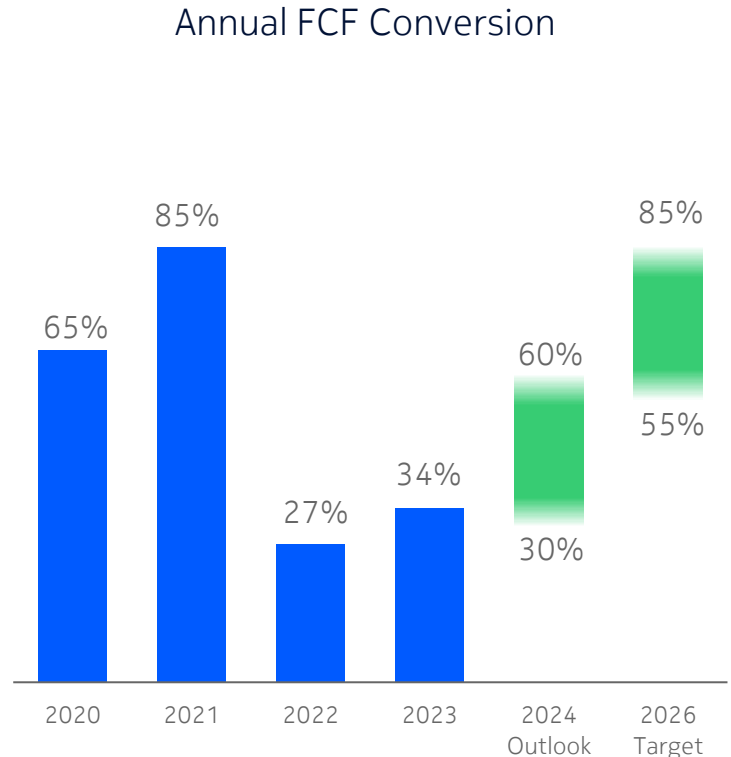
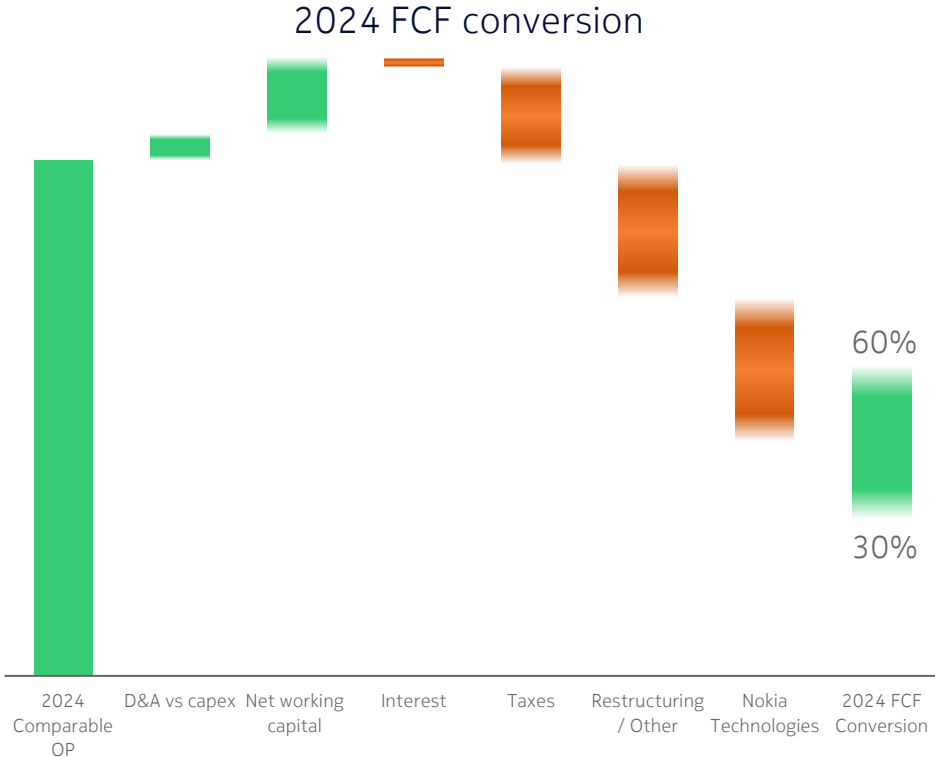


Strong cash performance benefitting from working capital inflows

- Net working capital improvement driven by partial prepayment from licensing agreement and inventory decline
- Returned EUR 0.2bn to shareholders through dividend and share buyback
- Free cash flow of EUR 1.7bn in Q4 and EUR 0.8bn in 2023, representing 34% conversion of comparable OP into cash



2024 free cash flow conversion to progress towards long term targets



Strong cash position enables increased shareholder returns

2023 Dividend proposal

EUR 0.13
per share

Share buyback program

EUR 600m
Over 2 years

Planning Assumptions by Business Group

	2024		2026
	Net Sales growth (constant currency)	Operating margin	Operating margin
Network Infrastructure	+2 to +8%	11.5 to 14.5%	12.0 to 15.0%
Mobile Networks	-15 to -10%	1.0 to 4.0%	6.0 to 9.0%
Cloud and Network Services	-2 to +3%	6.0 to 9.0%	7.0 to 10.0%
Nokia Technologies		Operating profit at least EUR 1.4bn (including catch-up)	Operating profit more than EUR 1.1bn

2024 Outlook

Challenging environment in first half, but green shoots on horizon

Full year 2024

Comparable operating profit

EUR 2.3 billion to EUR 2.9 billion

Free cash flow

30 to 60% conversion from comparable operating profit

¹Please refer to the Performance measure section of our Report for Q4 and full year 2023 for a full explanation of how these terms are defined.

Key Takeaways

2023 showed resilient profitability and solid cash generation amidst challenging market

Operational model progressing and cost actions underway

First half of 2024 to be challenging with green shoots in second half

Q&A

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