

The background features a diagonal split between a dark blue upper-left section and a white lower-right section. The dark blue section is filled with vertical, multi-colored light trails in shades of blue, cyan, and magenta, creating a digital or data-like aesthetic.

# Q3 2024 Financial results

17 October 2024

NOKIA

# Disclaimer

It should be noted that Nokia and its business are exposed to various risks and uncertainties and certain statements herein that are not historical facts are forward-looking statements. These forward-looking statements reflect Nokia's current expectations and views of future developments and include statements preceded by "believe", "expect", "expectations", "commit", "envisage", "anticipate", "foresee", "see", "target", "estimate", "designed", "aim", "forecast", "plan", "intend", "influence", "assumption", "focus", "continue", "project", "should", "is to", "will", "likely", "may", "could", "would" or similar expressions. These statements are based on management's best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors, including risks and uncertainties that could cause such differences can be both external, such as general, economic and industry conditions, as well as internal operating factors. We have identified these in more detail in our annual report on Form 20-F for the year ended December 31, 2023, under "Operating and Financial Review and Prospects—Risk Factors", and in our other filings or documents furnished with the U.S. Securities and Exchange Commission, including Nokia's financial results reports. Other unknown or unpredictable factors or underlying assumptions subsequently proven to be incorrect could cause actual results to differ materially from those in the forward-looking statements. We do not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Nokia presents financial information on reported, comparable and constant currency basis. Comparable measures presented in this document exclude intangible asset amortization and other purchase price fair value adjustments, goodwill impairments, restructuring related charges and certain other items affecting comparability. In order to allow full visibility on determining comparable results, information on items affecting comparability is presented separately for each of the components of profit or loss. Constant currency reporting provides additional information on change in financial measures on a constant currency basis in order to better reflect the underlying business performance. Therefore, change in financial measures at constant currency excludes the impact of changes in exchange rates in comparison to euro, our reporting currency. As comparable or constant currency financial measures are not defined in IFRS they may not be directly comparable with similarly titled measures used by other companies, including those in the same industry. The primary rationale for presenting these measures is that the management uses these measures in assessing the financial performance of Nokia and believes that these measures provide meaningful supplemental information on the underlying business performance of Nokia. These financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS.

Nokia is a registered trademark of Nokia Corporation. Other product and company names mentioned herein may be trademarks or trade names of their respective owners.

# Key messages – Q3 2024

- **Market remains weak but starting to turn the corner.** Market recovery happening slower than previously expected but now visible in Fixed Networks and IP Networks. Market remains weaker for Optical Networks and Mobile Networks.
- **Q3 saw return to growth in both Fixed Networks and IP Networks, growing 9% and 6% respectively** helped by strong demand from North America. Network Infrastructure **demand environment continues to improve**, with solid order intake growth and a book-to-bill above 1.
- **Significant improvement in gross margin** with all business groups contributing. Benefited from supportive regional mix and product mix, along with structural action to reduce product cost.
- **Cost savings program** progressing well. Now achieved EUR 500 million run-rate gross savings as of Q3.
- **Continued strong deal momentum across business groups** - Important deals signed for Network Infrastructure (CoreWeave for IP and Optical, AT&T for Fixed, and many others), Mobile Networks (Japan, India, New Zealand and Vietnam). Cloud and Network Services showing excellent 5G Core momentum.
- **Continued progress diversifying into non-CSP customers**; increasing investments to expand into targeted areas.
- **Strong free cash flow** of EUR 0.6 billion, leading to strong net cash balance of EUR 5.5 billion.
- **Full year 2024 outlook unchanged.**

# Q3 Financial Performance

**Marco Wirén**

Chief Financial Officer

The Nokia logo is displayed in blue, uppercase letters within a white circular area. The background of the slide features a large blue circle on the right side, which contains the logo. The background also includes a stylized cityscape with vertical lines of light in blue and white, suggesting a digital or urban environment.

NOKIA

# Strong gross margin improvement amidst ongoing market weakness

Q3 24 net sales (EUR)

4.3bn

(7)% y-o-y

Q3 24 gross margin

45.7%

+490bps y-o-y

Q3 24 operating margin

10.5%

+160bps y-o-y

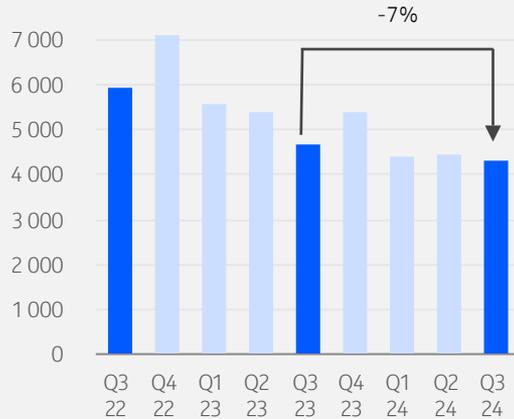
Q3 24 FCF (EUR)

0.6bn

Q3 24 net cash (EUR)

5.5bn

Net Sales (EUR million)



Gross profit (EUR million) and margin



Operating profit (EUR million) and margin



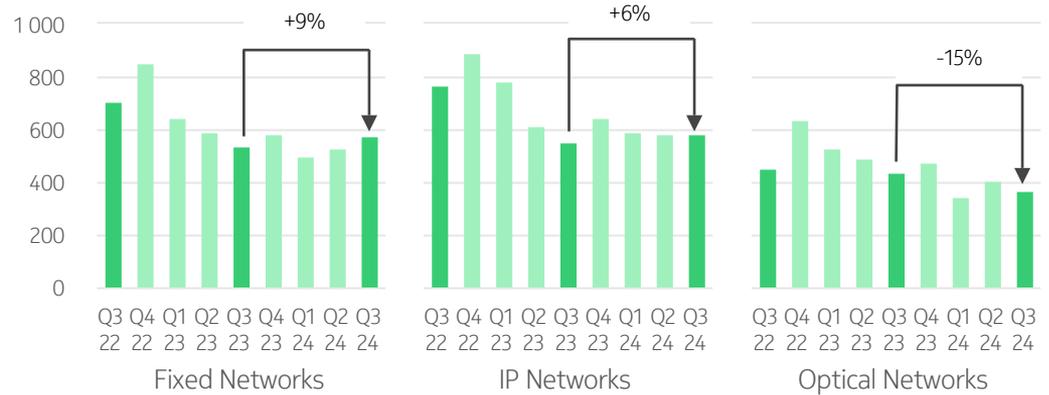
All net sales changes presented are year-on-year in constant currency and margin is on a comparable basis; Submarine Networks is now accounted for under discontinued operations. Charts show illustrative history excluding Submarine Networks for Q3/Q4 2022. Restated figures have only been provided from Q1 2023 onwards.

# Network Infrastructure

- Return to growth in both Fixed Networks and IP Networks
- Strong growth in North America driving both FN and IP
- Profitability improved as expected with improving sales trend
- Acceleration in sales expected in Q4 supported by strong backlog

2024 planning assumption	
Net sales growth (constant currency)	Operating margin
-6% to -3%	10.0% to 12.0%

Network Infrastructure Net sales by quarter (EUR million)



Gross profit (EUR million) and margin



Operating profit (EUR million) and margin



■ GP -- margin — 4Q rolling margin

■ OP -- margin — 4Q rolling margin

All net sales changes presented are in constant currency  
Charts show illustrative history excluding Submarine Networks

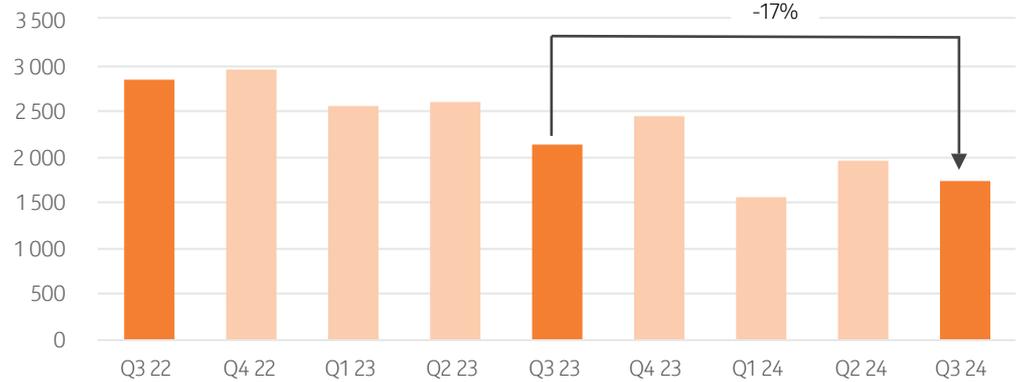


# Mobile Networks

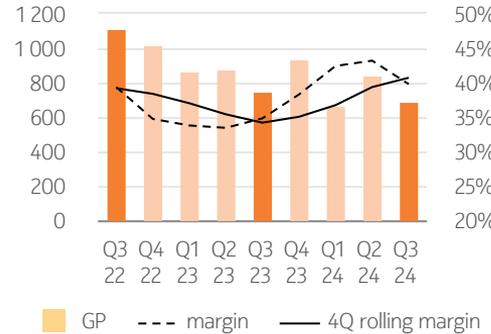
- Sales trends continue to be impacted by weakness in India.
- Strong gross margin improvement y-o-y
- Continued strong progress on cost savings
- Good momentum with new deals in India, Japan, Brazil, New Zealand and Vietnam

2024 planning assumption	
Net sales growth (constant currency)	Operating margin
-22% to -19%	5.0% to 7.0%

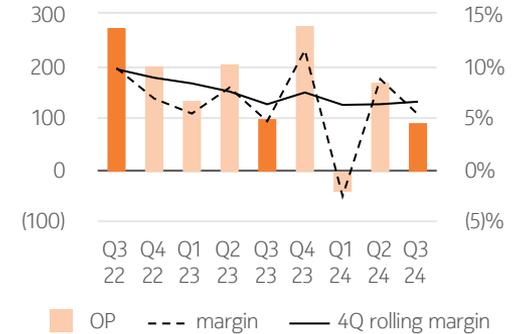
Mobile Networks Net sales (EUR million) by quarter



Gross profit (EUR million) and margin



Operating profit (EUR million) and margin



All net sales changes presented are in constant currency

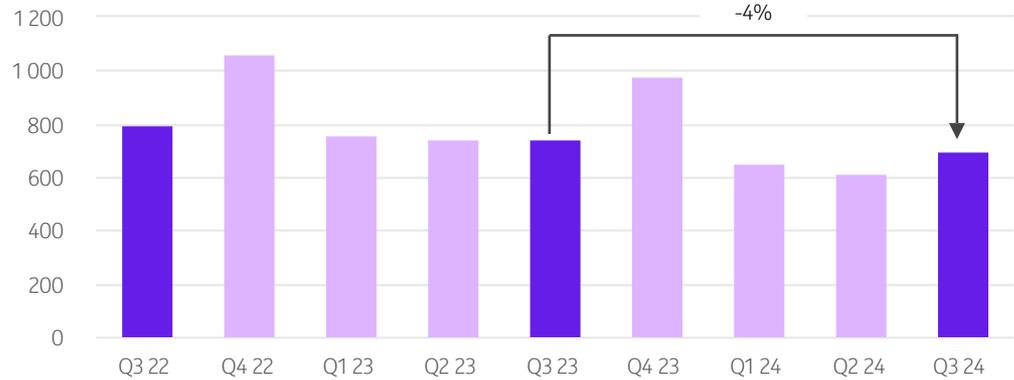


# Cloud and Network Services

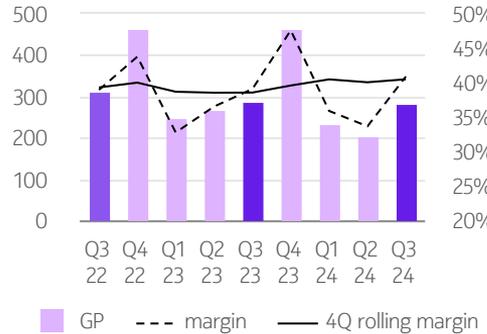
- Flat net sales performance excluding divestment
- Strong gross margin performance supported by improvement in cost of delivery
- Operating profit increased also due to lower operating expenses

2024 planning assumption	
Net sales growth (constant currency)	Operating margin
-7% to -4%	6.0% to 8.0%

Cloud and Network Services Net sales by quarter



Gross profit (EUR million) and margin



Operating profit (EUR million) and margin



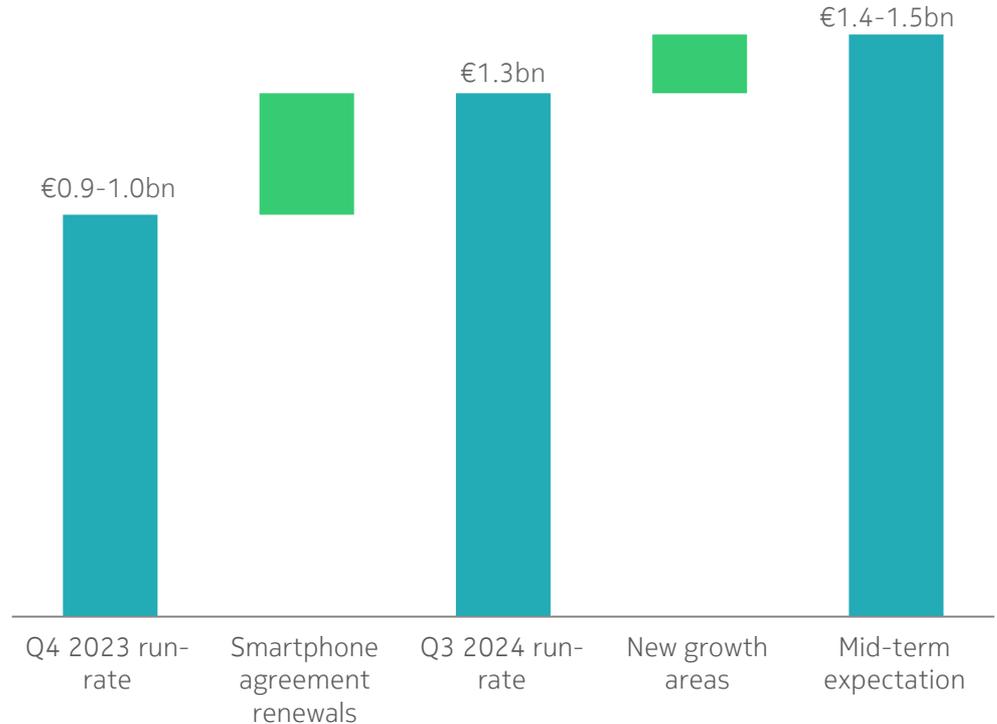
All net sales changes presented are in constant currency



# Nokia Technologies

- Growth in net sales driven by smartphone renewals and new growth areas
- Run-rate remained at approximately EUR 1.3bn
- Continue to progress on multimedia and signed an agreement with a point-of-sale-payment device manufacturer

<b>2024 planning assumption</b>
Operating profit
at least EUR 1.4 billion

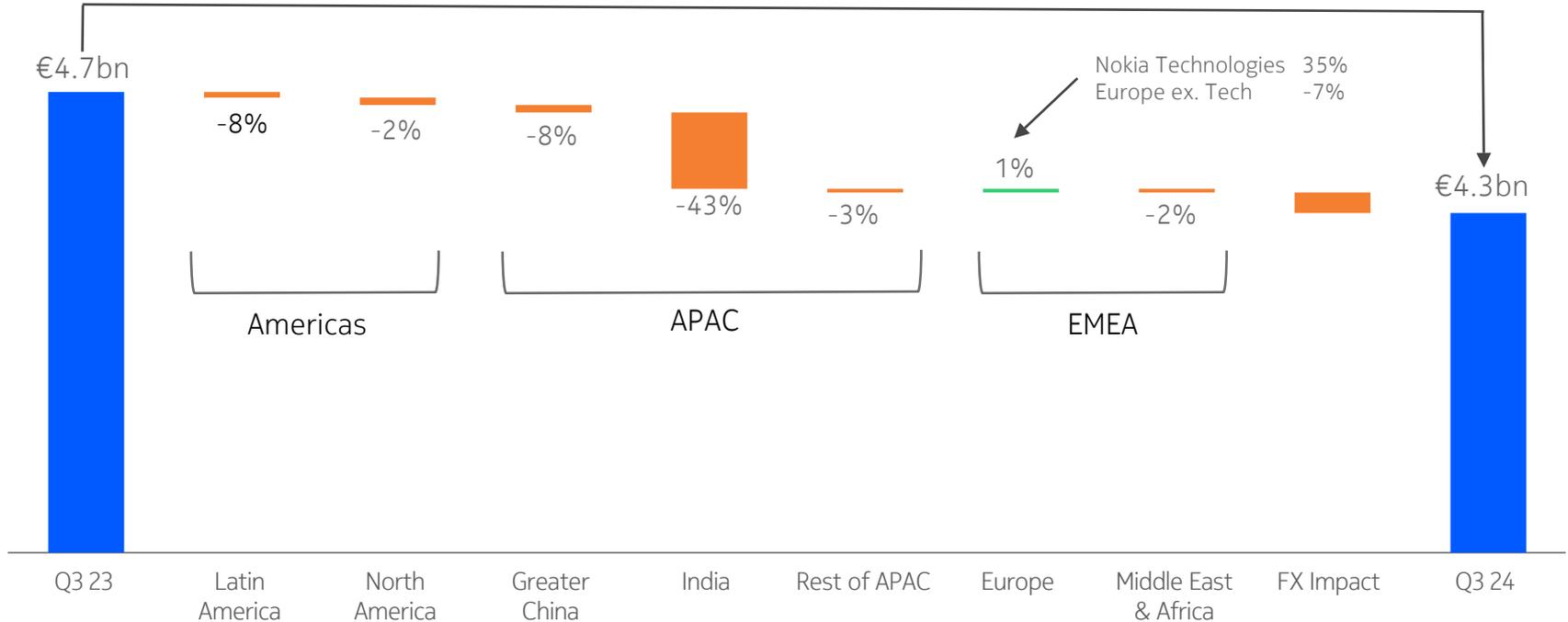


This chart is to illustrate our current financial planning assumptions. This chart is not illustrative of our view on deal valuations. Actual outcomes of negotiations may be different.

# Regional sales: India drove majority of Q3 decline

Year-on-year at constant currency

-8% reported  
-7% constant currency



# Solid profit and working capital drive free cash flow

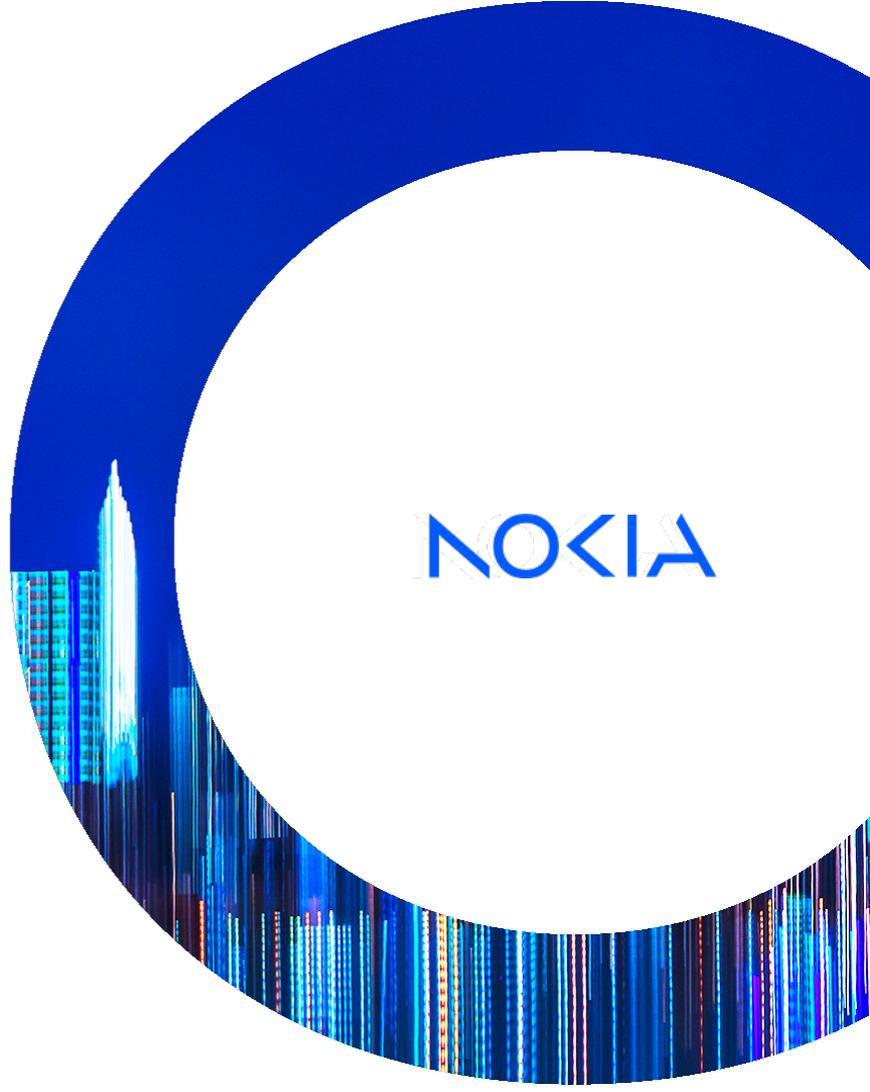
- Receivables driving working capital inflows
- Returned EUR 0.4bn to shareholders through dividend and share buybacks
- Free cash flow of EUR 621 million



# Business Highlights

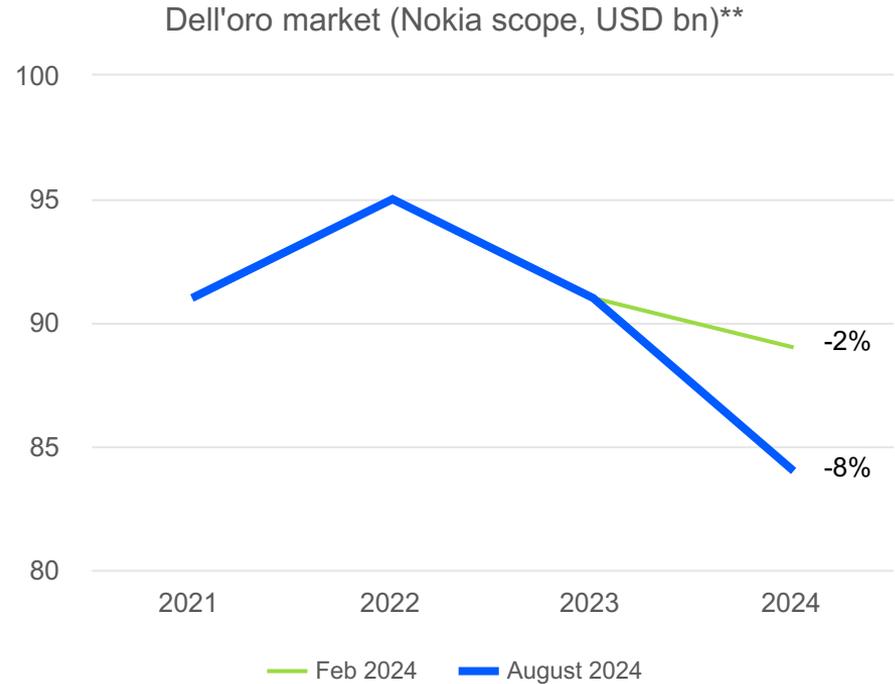
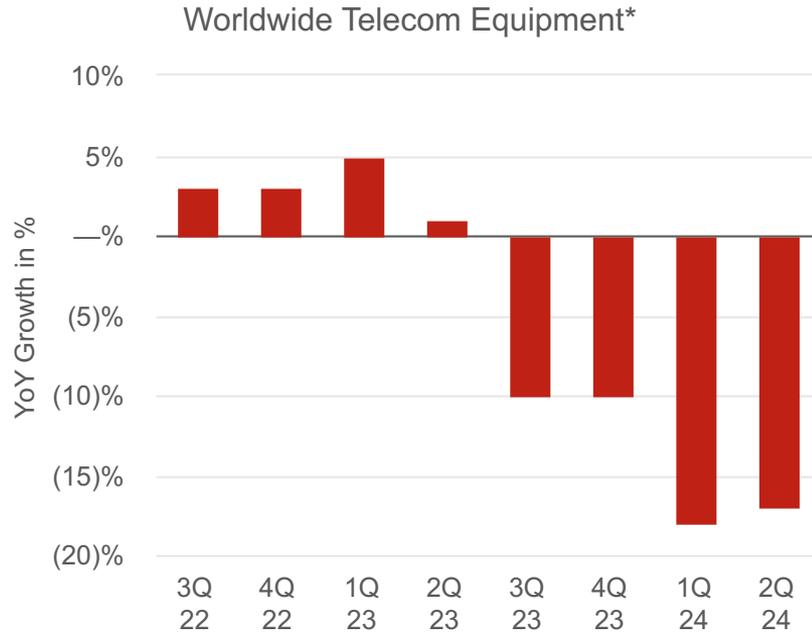
**Pekka Lundmark**

President and Chief Executive Officer

A large blue circle is positioned on the right side of the slide. Inside the circle, the word "NOKIA" is written in a blue, sans-serif font. The background of the circle is a blurred cityscape at night, with lights from buildings and streets visible. The circle is partially overlapping the white background of the slide.

NOKIA

# Focusing on our strategy execution in a challenging market



\*Source: Dell'Oro. Equipment includes: Broadband Access, Microwave & Optical Transport, Mobile Core Network & RAN, SP Router and switch

\*\*Source: Global Dell'Oro market forecast for Nokia product portfolio scope

# Significant progress on Mobile Networks revamped strategy

Lower cost base means ~EUR 9.5 billion net sales for double digit operating margin

Continued deal momentum

Re-baselining operations for resiliency and profitability

Driving productivity and efficiency via new ways of working

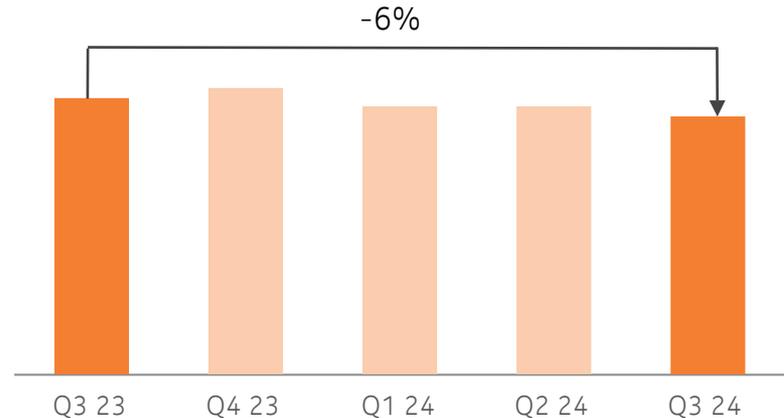
Renewing go-to-market model to accelerate strategy execution

Optimizing commercial performance and capabilities

Gross margin evolution



Operating expenses (excl. variable pay accruals)

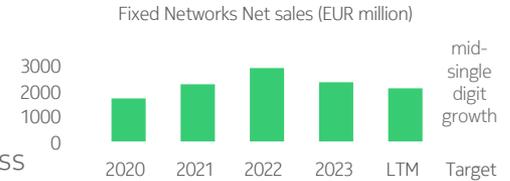


# Network Infrastructure - Supportive market dynamics ahead

Recovery has been slower than expected in 2024 but dynamics remain supportive

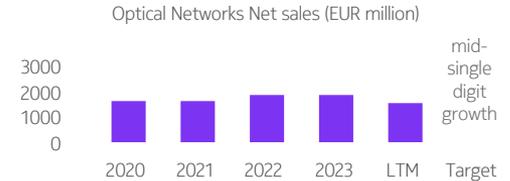
## Fixed Networks

- ~70% of homes not connected with fiber (ex. China)
- Government funding programs starting to impact
- Mature market starting to upgrade to XGS/25G-PON
- Expansion opportunities with Optical LAN and Fixed Wireless



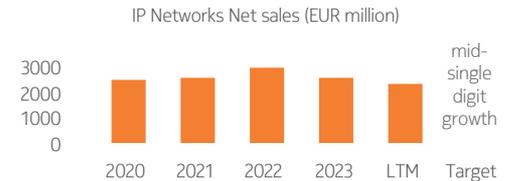
## Optical Networks

- Gained technology leadership with PSE-6s
- Planned Infinera acquisition will benefit scale, North America and webscale exposure
- Well-positioned for webscale / AI opportunities



## IP Networks

- Continued ramp of FP5 and FPcx products
- Momentum in enterprise/webscale market
- Investing to broaden product portfolio and expand TAM



# Strategic push to expand into webscale and enterprise

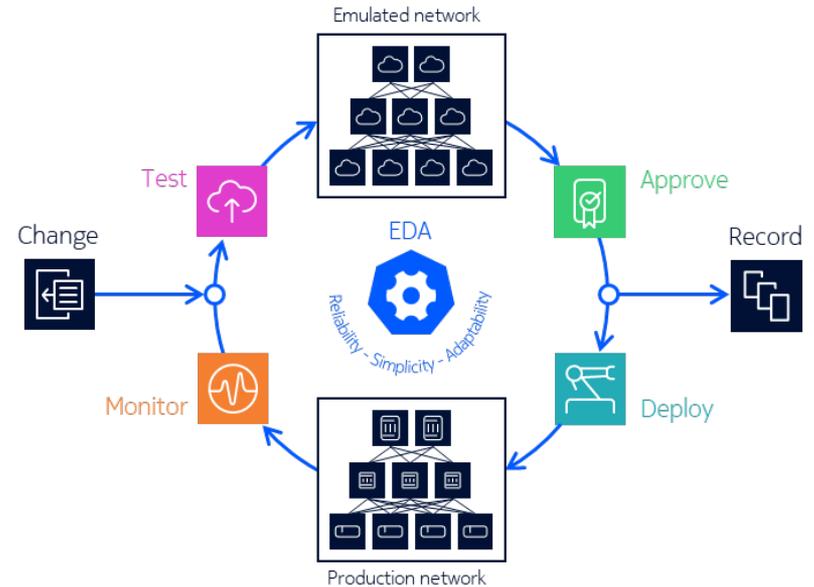
Investing to better position ourselves with non-CSP customers

Deploying Nokia IP and optical platforms in datacenters across U.S. and Europe as part of massive wide area network buildout to support high-performance AI infrastructure

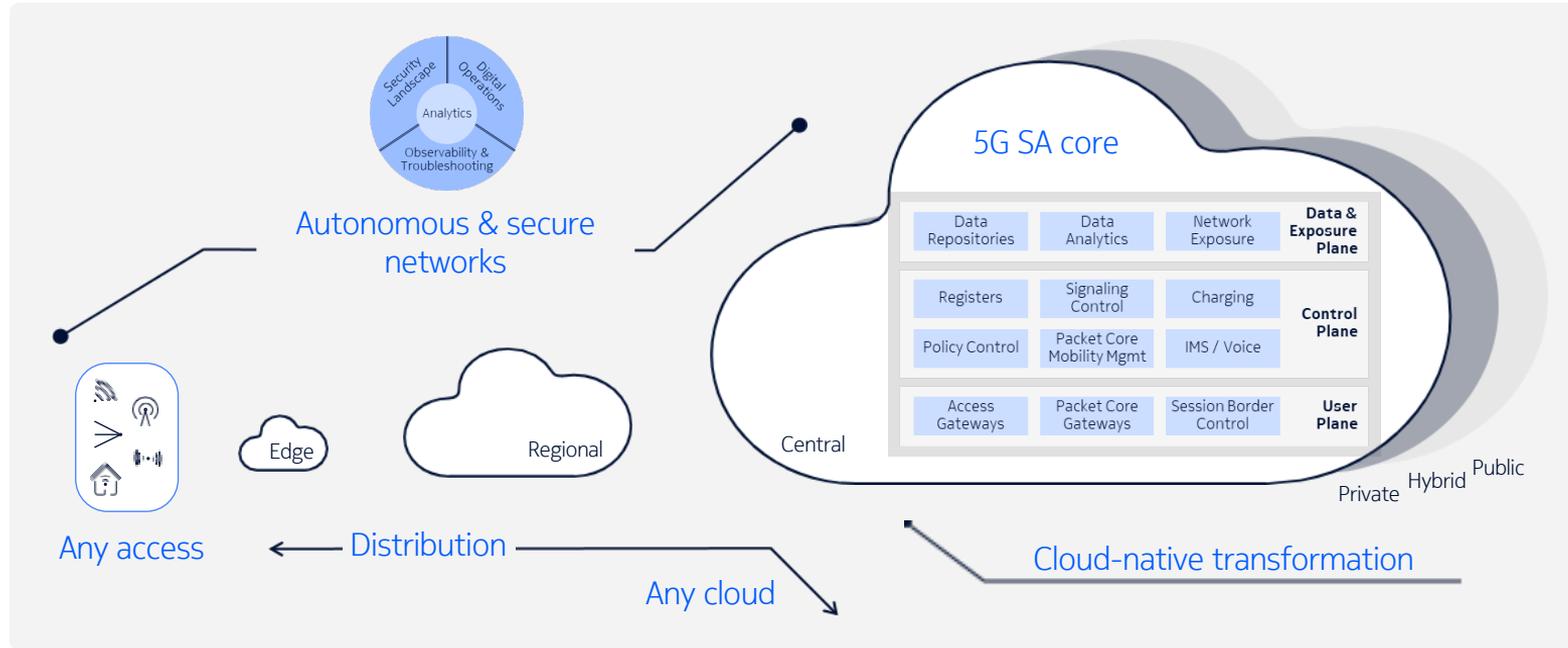


## Event-Driven Automation

Reliable, simplified and adaptable data center network operations



# Cloud and Network Services - driving cloud-native core leadership



1st

5G SA live deployment on hyperscaler cloud

Leader

Magic Quadrant™ for CSP 5G Core Network Infrastructure Solution

#1

Live 5G core networks<sup>1</sup>

Breadth of portfolio and competitiveness<sup>2</sup>

Core SaaS<sup>2</sup>



# 2024 Outlook

Tracking within bottom-half of comparable OP range and high end of FCF range

## 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

Please refer to the Alternative performance measure section of our Interim Report for Q3 2024 for a full explanation of how these terms are defined.

# Key Takeaways

Market remains weak  
but **starting to turn  
the corner**

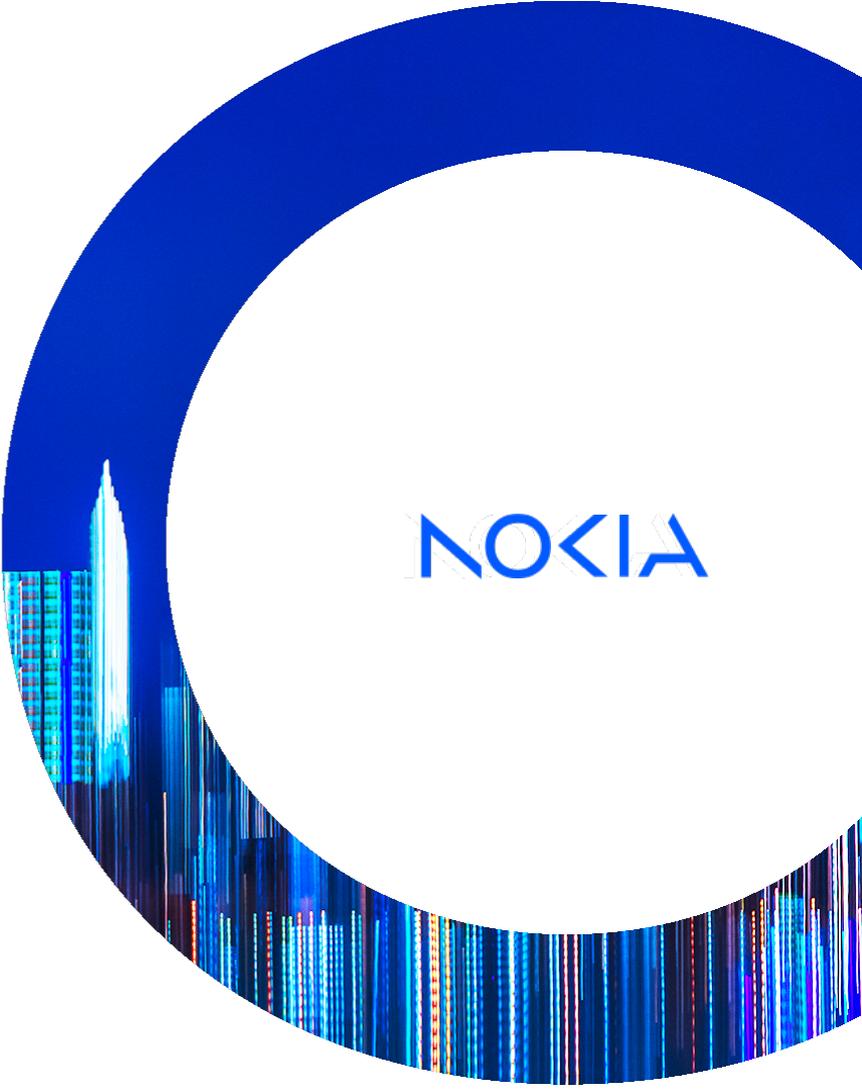
**Significant gross  
margin** improvement  
and cost savings  
program **on track**

Continued strong  
**deal momentum**

Strong **cash  
performance** with  
net cash of  
**EUR 5.5bn**

2024 outlook  
**reiterated**

# Q&A

A large circular graphic on the right side of the slide. The outer ring is a solid dark blue. The inner circle is white and contains the Nokia logo in blue. The background of the entire slide is a blurred city skyline at night with various lights in shades of blue, purple, and white.

NOKIA

The image features the Nokia logo in a large, white, sans-serif font centered horizontally. The background is a dark blue night cityscape with numerous skyscrapers. The buildings are illuminated with vertical light trails in shades of blue, cyan, and orange, creating a sense of motion and digital connectivity. The overall aesthetic is modern and technological.

NOKIA