

Q2 2022

Investor presentation

21 July 2022

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Welcome



Pekka Lundmark
President and CEO

- 4. Financial highlights
- 5. Business Group performance
- 8. Supply chain



Marco Wirén
CFO

- 10. Financial performance bridges
- 12. Cash flow performance
- 13. 2022 TAM and outlook

Good profitability supports full year outlook

Q2 22 net sales

+3%

(year-on-year at constant currency)

Q2 22 gross margin

40.6%

(comparable)

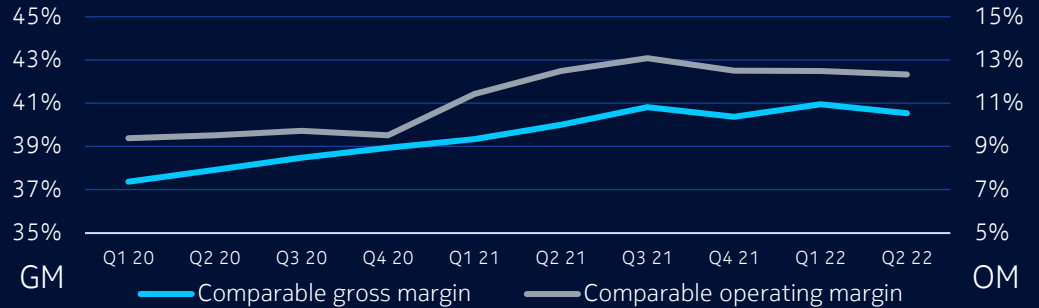
-170bps year-on-year

Q2 22 operating margin

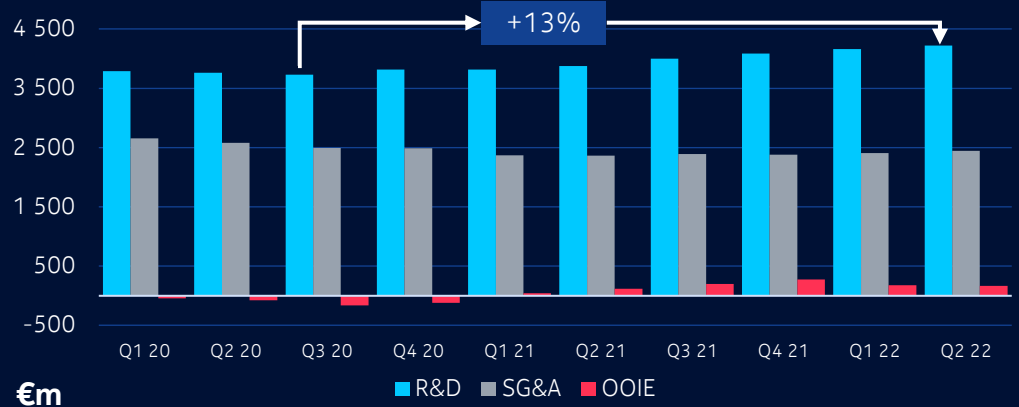
12.2%

(comparable)

-60bps year-on-year



All data on a 12-month trailing basis



All data on a 12-month trailing basis

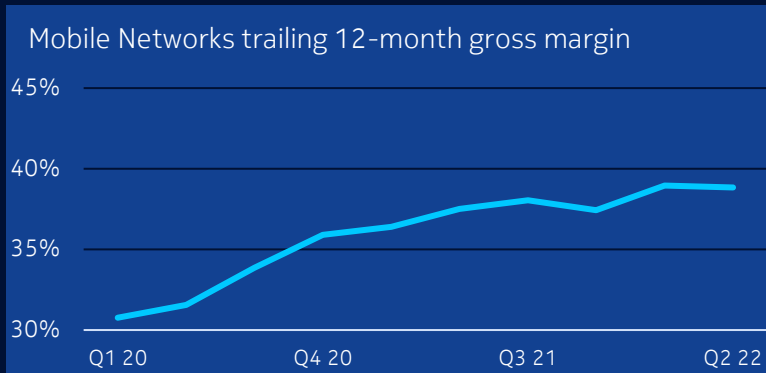
Mobile Networks

Net sales +1%
Op. margin 11.2%

Returned to growth despite COVID-19 related lockdowns and wider component constraints

Continued operating margin improvement

Expect sales growth in 2022 at constant currency



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

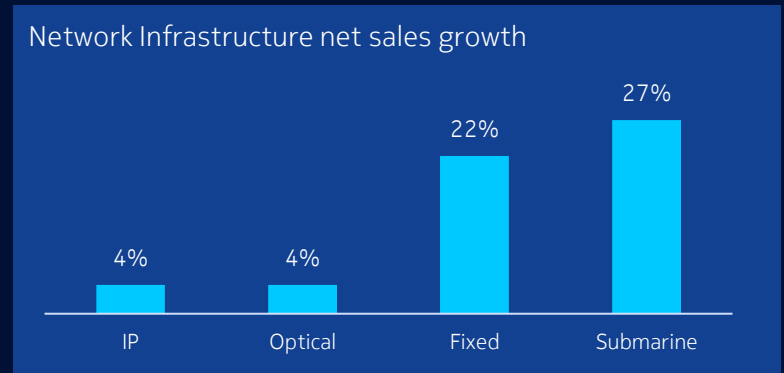
Network Infrastructure

Net sales +12%
Op. margin 11.5%

Strong end-market demand

Growth in all four businesses with Submarine Networks and Fixed Networks showing double-digit growth

Operating margin expanded 240bps



Cloud & Network Services

Net sales +0%
Op. margin (0.7)%

Net sales flat with offsetting performance within businesses

Gross margin improvement by 150bps

Investments in private wireless



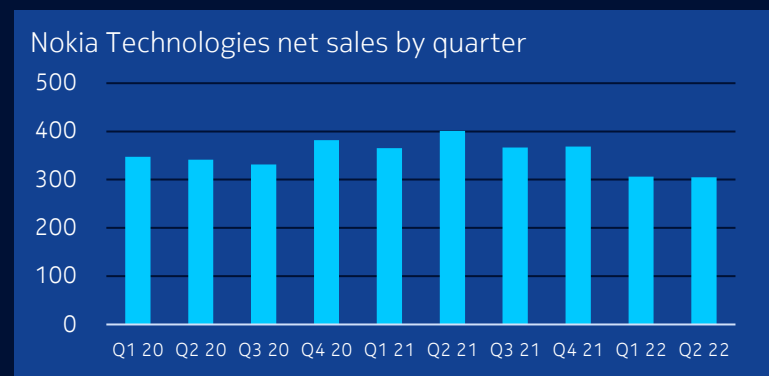
Nokia Technologies

Net sales -25%
Op. margin 71.1%

Timing effect from contract renewals

Prioritizing protecting value of IP over achieving timelines

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



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

Enterprise returned to net sales growth

Private Wireless customers



- Growth despite some supply chain headwinds
- Continue to see strong order intake
- Confident in delivering accelerating growth in H2
- Continue to grow customer base
- Investing to build on early market leadership in private wireless

Q2 22 net sales

+8%

Enterprise net sales growth (year-on-year at constant currency)

Resilience in an uncertain macroeconomic environment

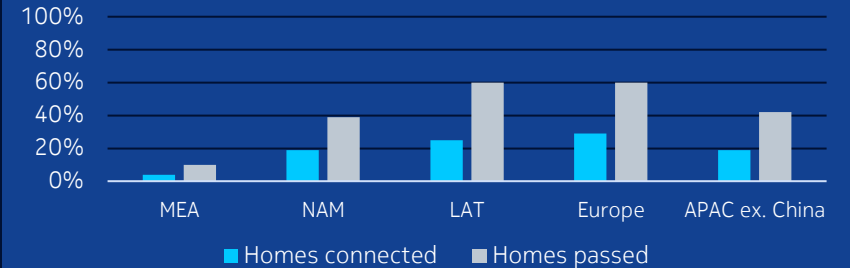
Macroeconomic uncertainty

- Industry benefiting from structural technology investments
- No major changes to demand outlook
- Currency fluctuations in emerging markets could impact customer affordability

Supply chain

- Challenging situation continues although seeing signs of easing through H2 22 and H1 23
- Some supplier specific challenges remain

Fiber penetration rates globally (ex. China)



Source: IDATE World FTTX market , Dec 2021

Global 5G site penetration (ex. China)

~15%

Source: Internal estimates

CFO remarks

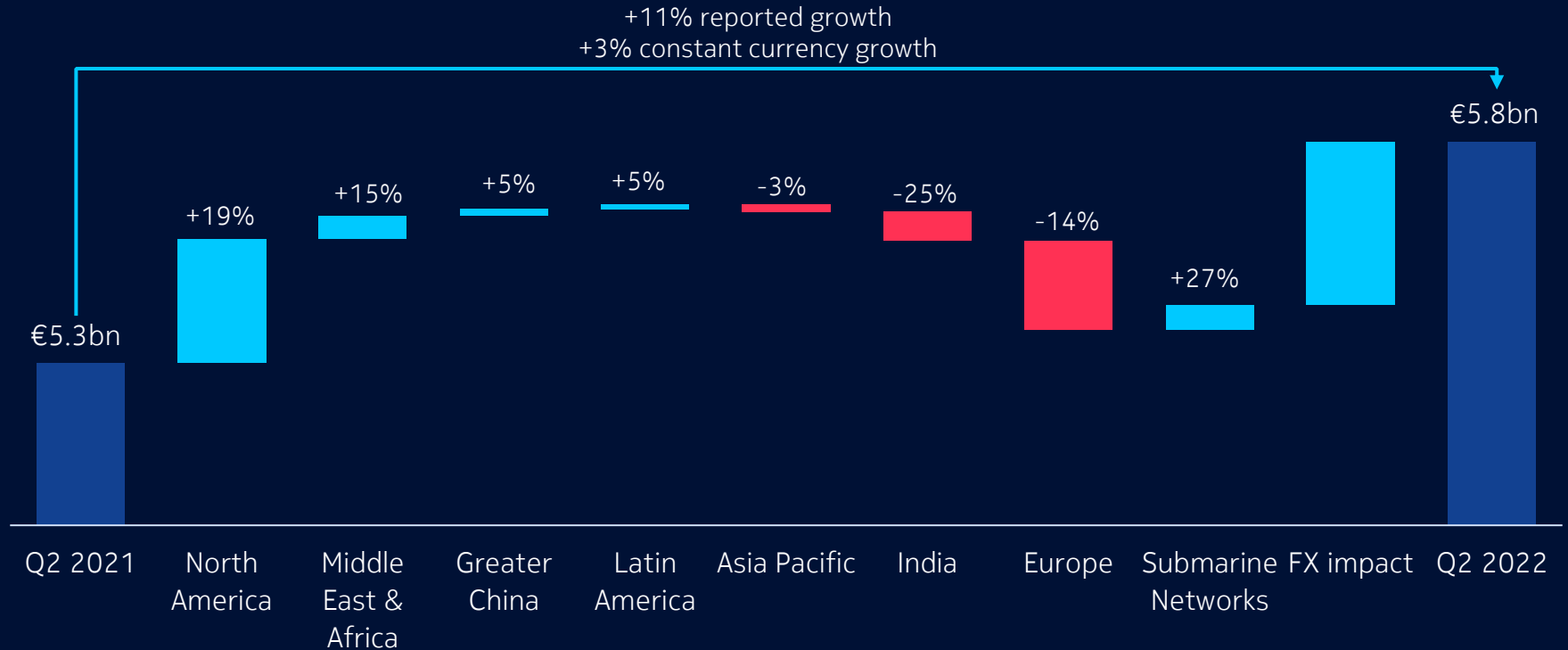


Marco Wirén
CFO

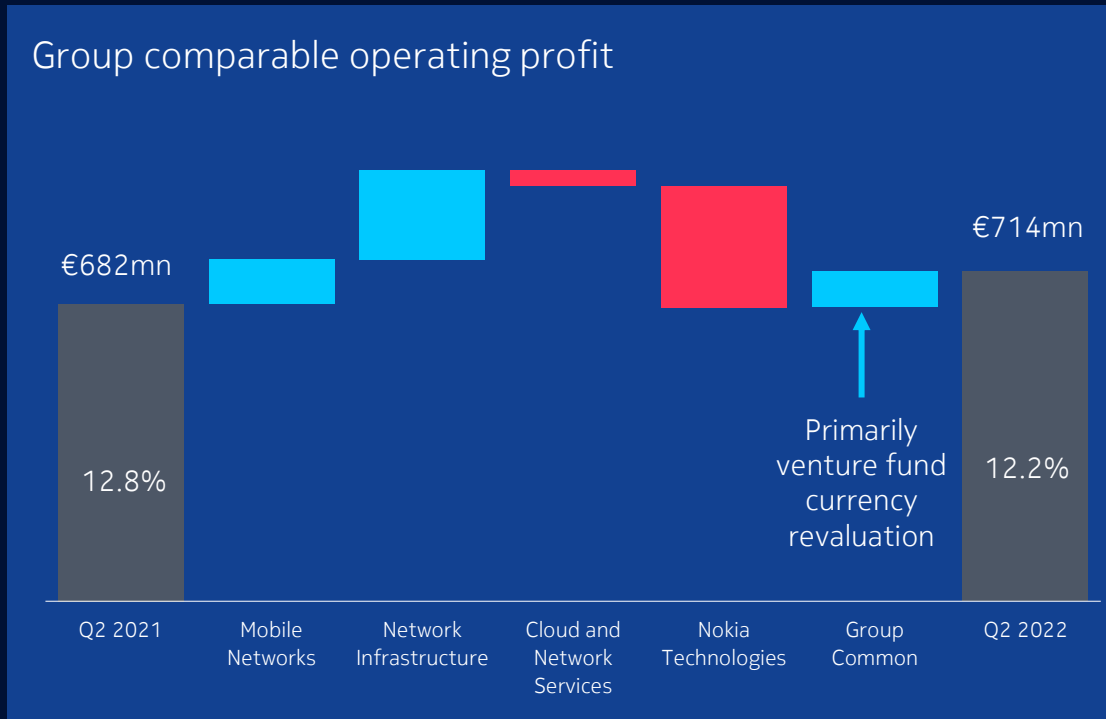
- 10. Financial performance bridges
- 12. Cash flow performance
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North America growth, Europe impacted by Nokia Technologies

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



Continued progress in MN and NI offset by Technologies

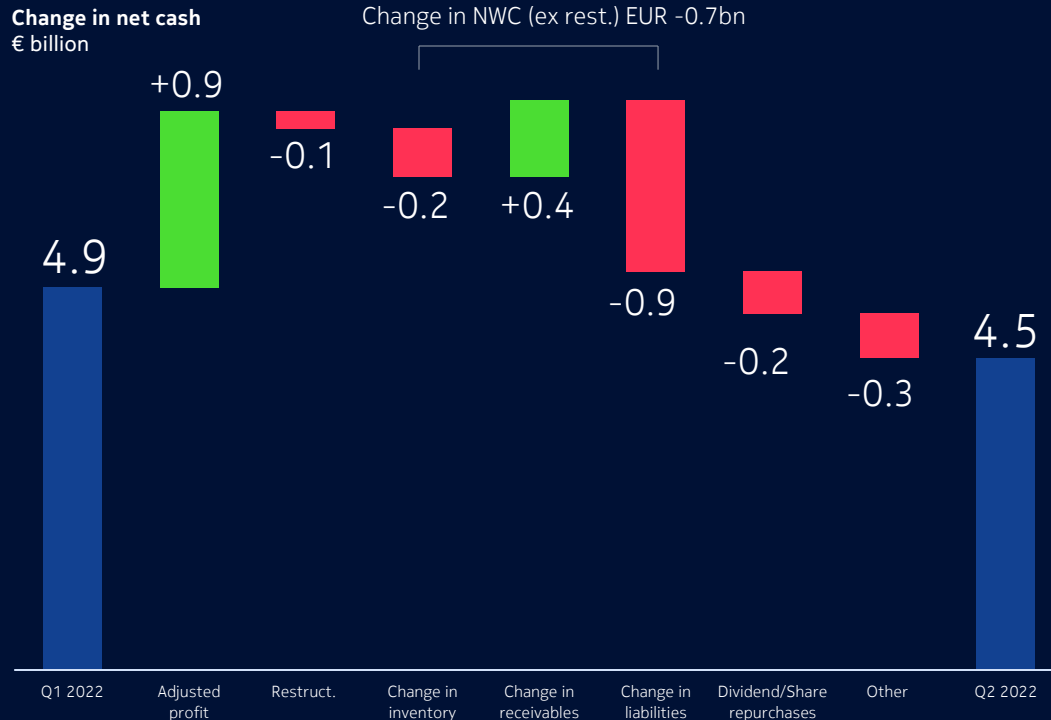


Margin expansion in both NI and MN

Timing of Nokia Technologies renewals impacting mix

Venture fund benefited Group Common

Cash flow impacted by employee variable pay and inventories



Free cash flow negative EUR
0.1bn

Net working capital impacted by
outflows related to employee
variable pay, within liabilities,
and increased inventories

Market growth in 2022 updated

Estimated, in €	2022	YoY (at const. ccy)	YoY prior est. (at const. ccy)
Mobile Networks ¹	51bn	+5%	+4%
Network Infrastructure ²	47bn	+5%	+3%
Cloud and Network Services	27bn	+3%	+4%
Total addressable market ^{1,2}	125bn	+4%	+4%

¹Excluding China for Mobile Networks

²Excluding Submarine Networks

Market size calculated assuming the rate 1 EUR = 1.04 USD as of 30 June 2022 continues for the remainder of 2022 along with year-to-date actual foreign exchange rate

2022 net sales outlook unchanged in constant currency

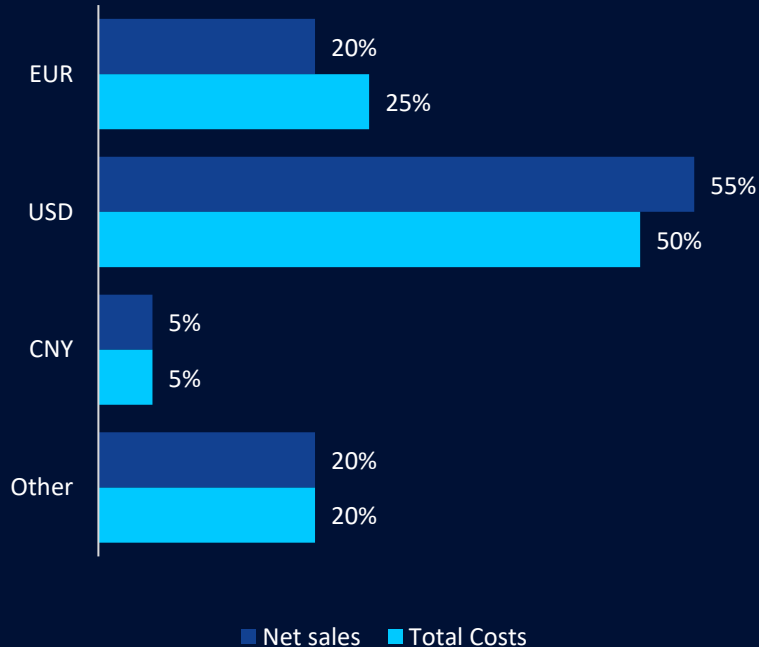
Full year 2022

Net sales ¹	€23.5 billion to €24.7 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 = 1.04 USD as of 30 June 2022 continues for the remainder of 2022 along with year-to-date actual foreign exchange rates (adjusted from prior EUR 1.11 rate as of 31 Mar 2022). Assuming the year-end 2021 exchange rate, the net sales outlook would continue to be EUR €22.6bn to EUR 23.8bn. Please see our Report for Q4 and full year 2021 for a full explanation of the terms used and the assumptions embedded in our financial outlook.

High level of natural hedging inherent in the business

Currency exposure (Q2'22)



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:

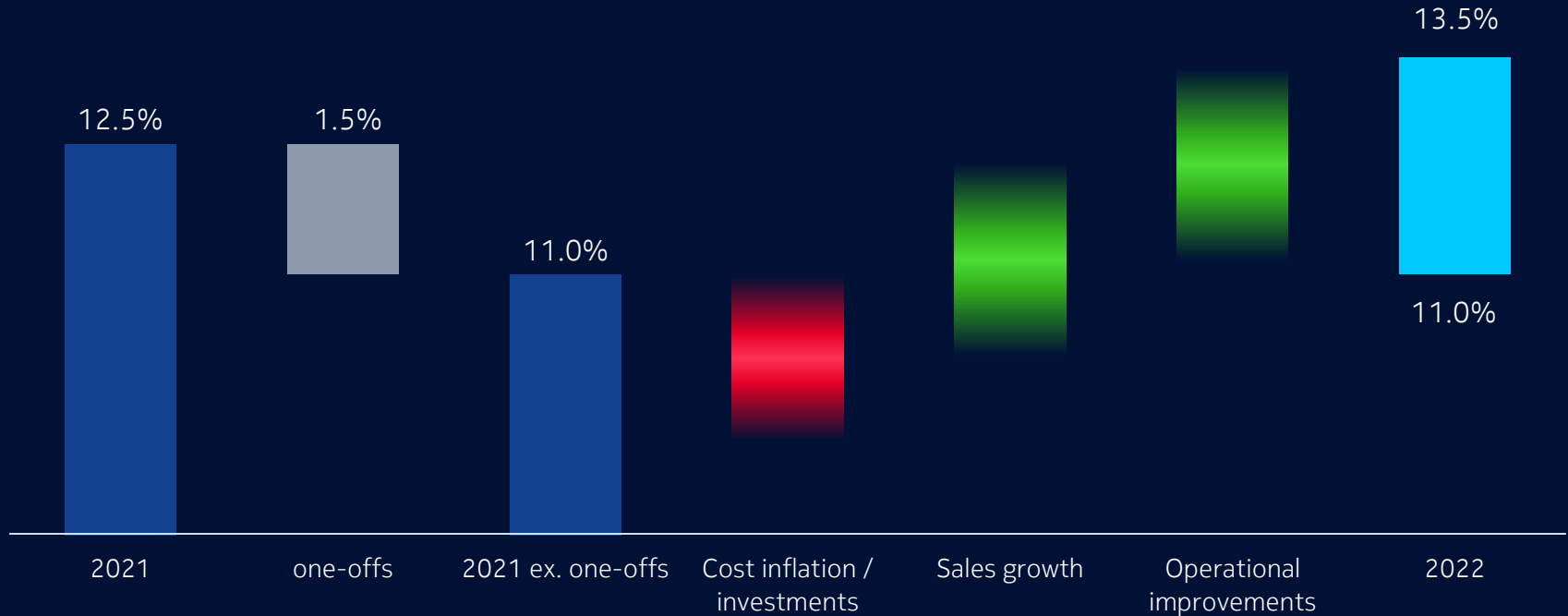
Neutral

Operating margin
after hedging:

Slight negative

Strong underlying improvements somewhat offset by inflation

Comparable operating margin drivers in 2022



Q&A

The background of the slide is a complex digital visualization. It features a dense field of blue lines that curve and converge towards a central vanishing point, creating a sense of depth and perspective. Interspersed among these lines are numerous small, glowing data points and rectangular markers, some in yellow and some in white, which appear to be floating or attached to the lines. The overall color palette is dominated by various shades of blue, from deep navy to bright cyan, with occasional highlights of yellow and white.

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.

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