



Q1 2024 Financial results

18 April 2024

NOKIA

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Key messages

- **Weak start to 2024 as expected:** As expected, weak start to 2024 with 19% y-o-y net sales decline in constant currency. This impacted profitability in our three networks businesses but was offset by deals signed in Nokia Technologies meaning our operating margin improved y-o-y.
- **Improved order intake trends sustained in Network Infrastructure:** Good order intake for NI in Q1 which grew year-on-year and book-to-bill above 1 in the quarter. Confident in stronger second half for NI and that business will return to growth for full year 2024.
- **On track to deliver EUR 500 million of in-year savings in 2024:** We have been executing quickly on our cost reduction program and continue to target EUR 500 million of in-year savings in 2024.
- **Nokia Technologies concluded smart-phone renewal cycle:** Three important smart-phone licensing deals signed in Q1 concluding our smart-phone renewal cycle. No major renewals for a number of years. Annual net sales run-rate in Nokia Technologies now approximately EUR 1.3 billion.
- **Free cash flow of almost EUR 1 billion in Q1:** Solid operating profit combined with some unwind of working capital build-up seen in 2022-2023.
- **On track to achieve our unchanged full year outlook for comparable operating profit and free cash flow.**

Q1 Financial Performance

Marco Wirén

Chief Financial Officer

The logo consists of the word "NOKIA" in a blue, sans-serif font, centered within a large white circle. This white circle is set against a dark blue background that features a stylized cityscape with vertical lines of light in shades of blue and white, suggesting a modern, digital environment.

NOKIA

Strong cash flow and improving orders despite market weakness

Q1 24 net sales (EUR)

4.7bn

-19% y-o-y

Q1 24 gross margin

48.6%

+1090bps y-o-y

Q1 24 operating margin

12.8%

+460bps y-o-y

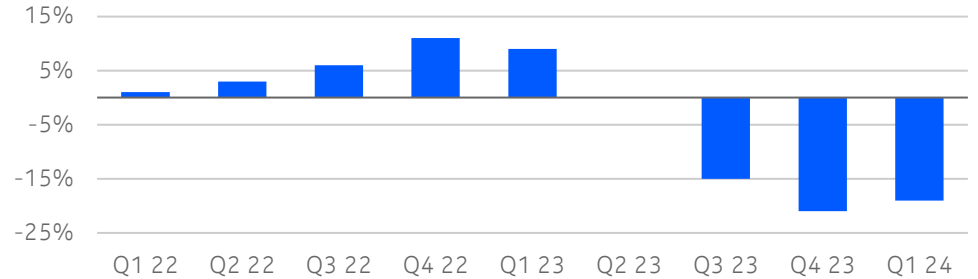
Q1 24 FCF (EUR)

1.0bn

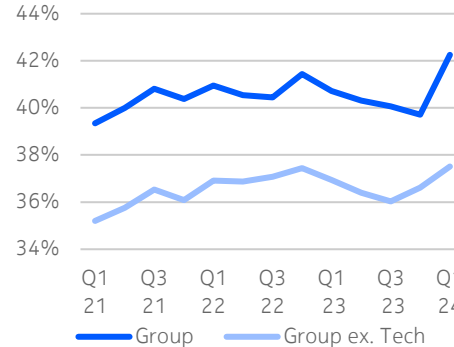
Q1 24 net cash (EUR)

5.1bn

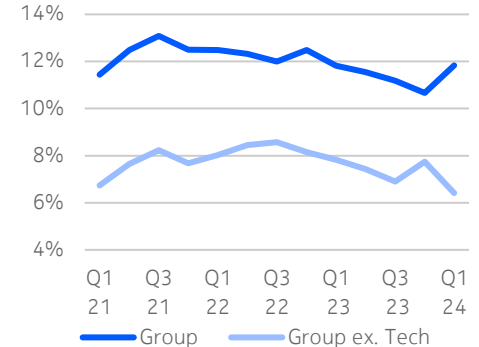
Net sales growth (constant currency)



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

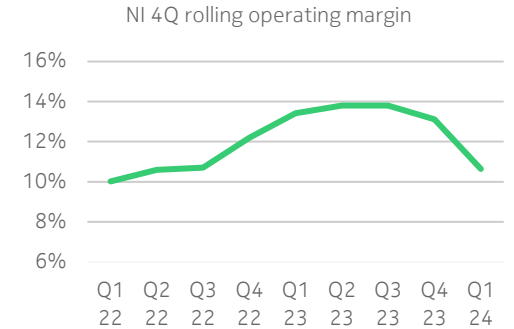
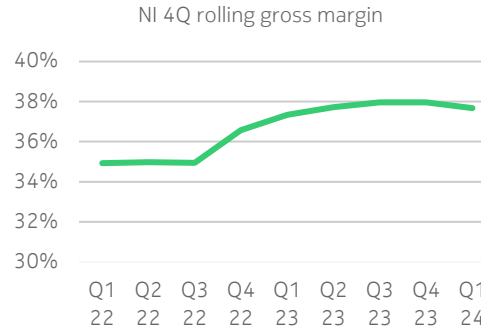
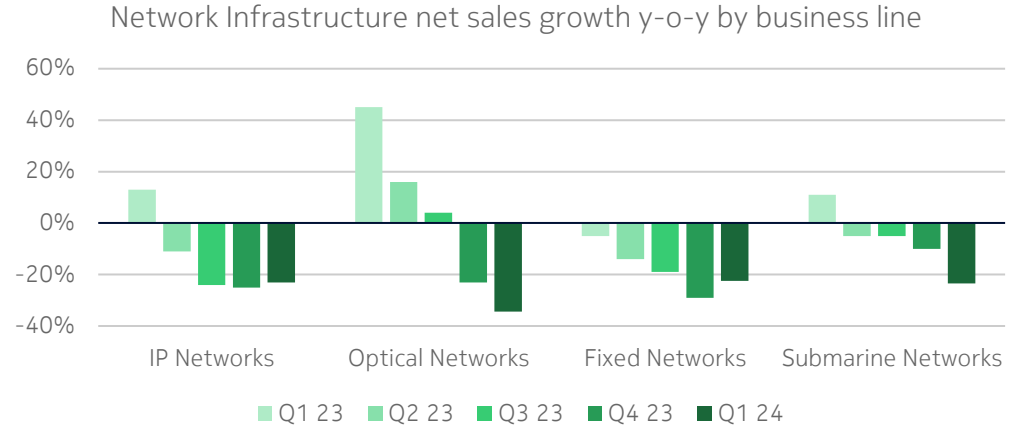
On-going market weakness weighed on Q1 results

Submarine Networks impacted by project timing while backlog grew

Order intake trends improved in the quarter

Confidence in full year growth with strong second half

2024 planning assumption	
Net sales growth (constant currency)	Operating margin
2% to 8%	11.5% to 14.5%



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



Mobile Networks

Challenging spending environment continued

Expect progressive improvement through 2024

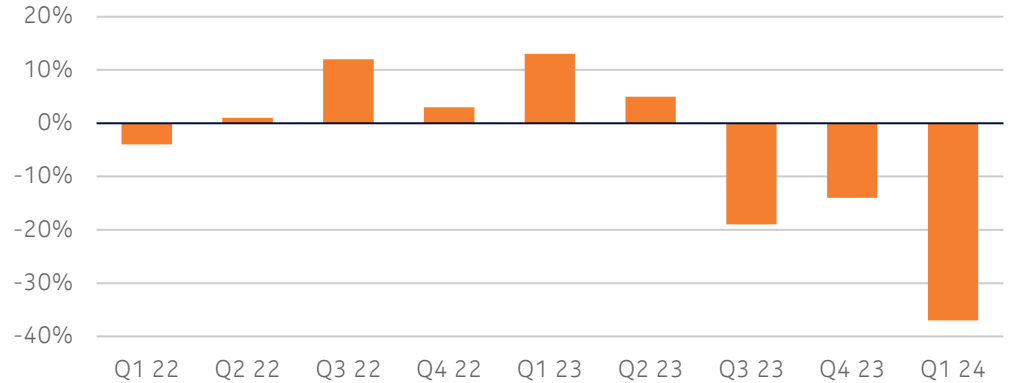
Strong increase in gross margin due to regional and product mix

Approximately half of the y-o-y increase in gross margin due to exceptionally low indirect cost of sales

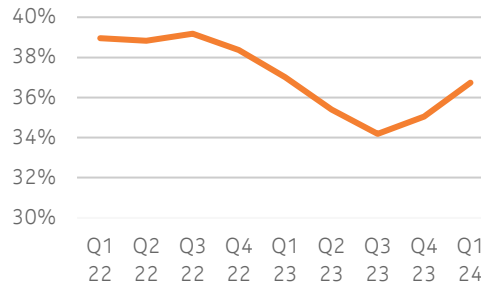
2024 planning assumption

Net sales growth (constant currency)	Operating margin
-15% to -10%	1% to 4%

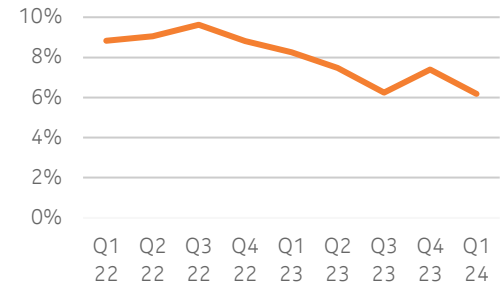
Mobile Networks net sales growth y-o-y



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

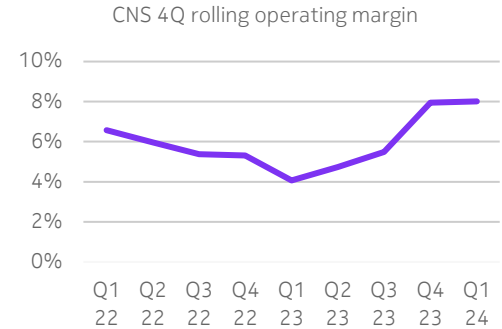
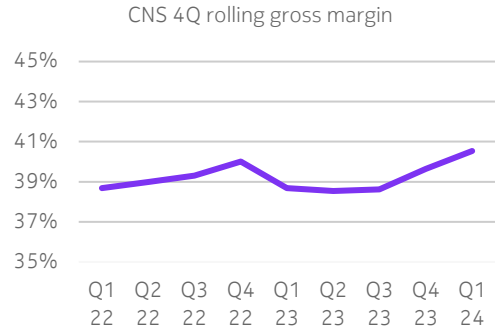
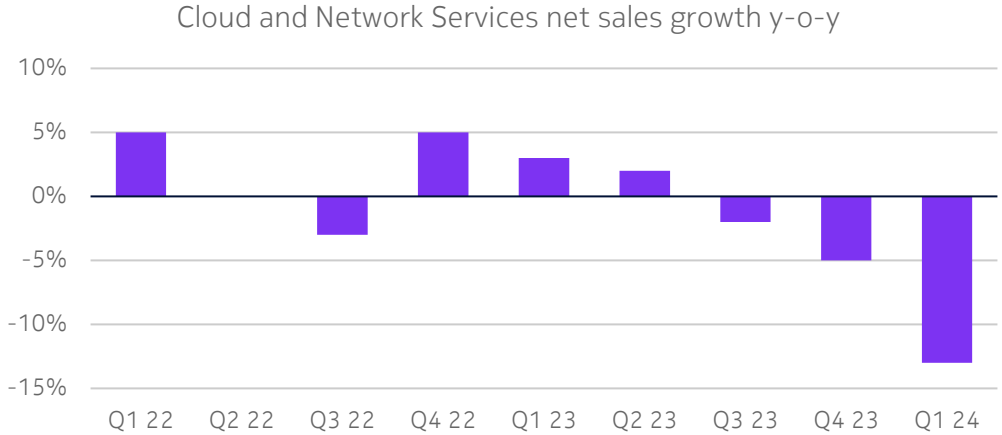
Challenging spending environment now impacting more

Now seeing improving order intake

Profitability impacted by scale

Recent divestment will have modest impact in Q2

2024 planning assumption	
Net sales growth (constant currency)	Operating margin
-2% to +3%	6% to 9%



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



Nokia Technologies

Signed three important smartphone licenses

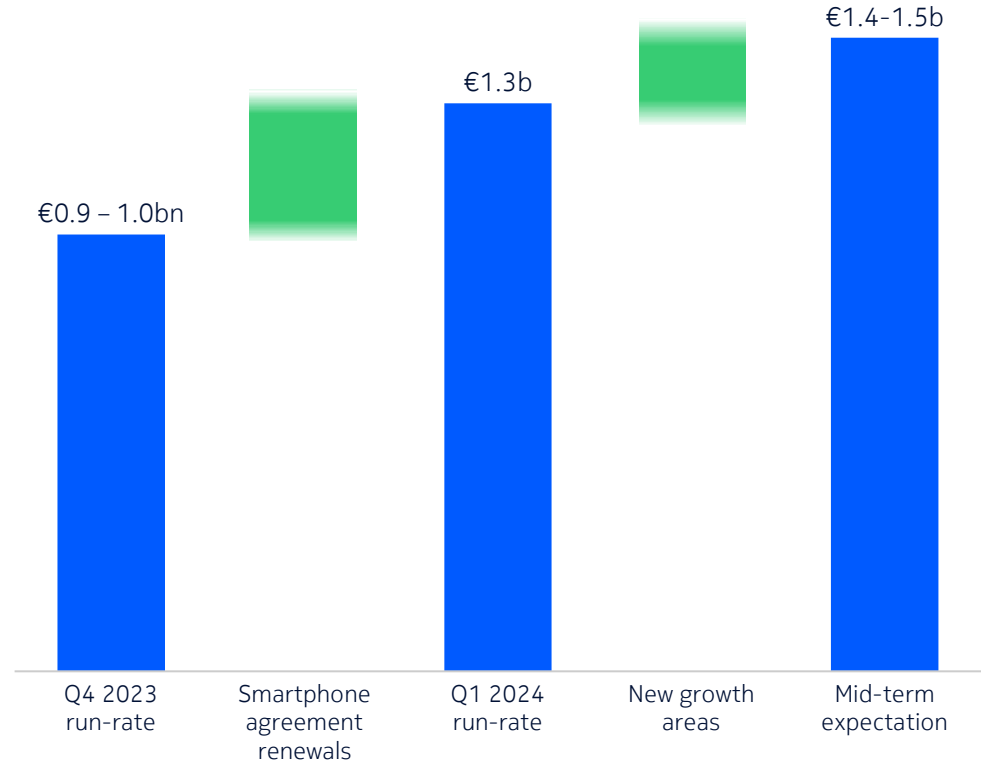
Annual net sales run-rate for Nokia Technologies now approximately EUR 1.3bn

Benefited from over EUR 400 million of catch-up net sales in Q1

2024 planning assumption

Operating profit

at least EUR 1.4 billion

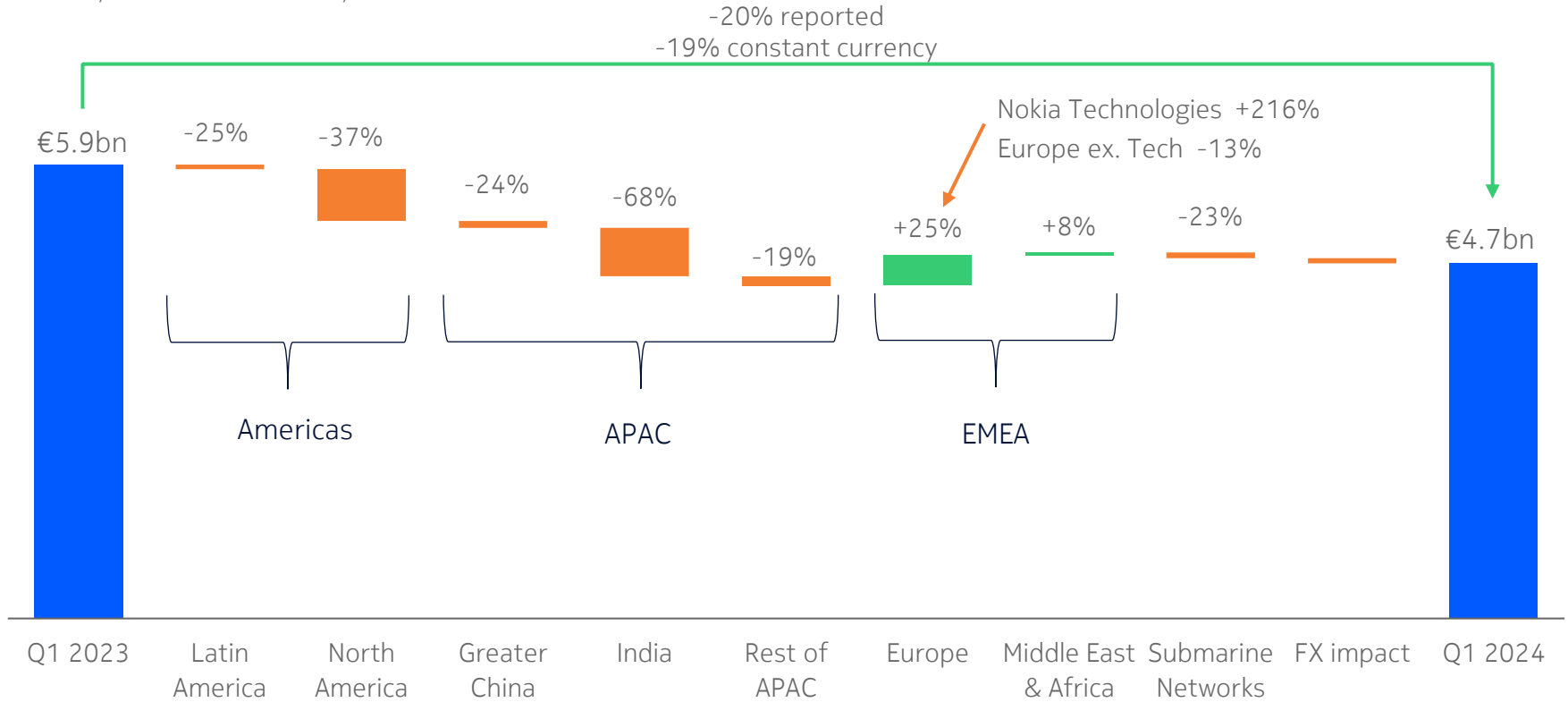


All net sales changes presented are year-on-year in constant currency



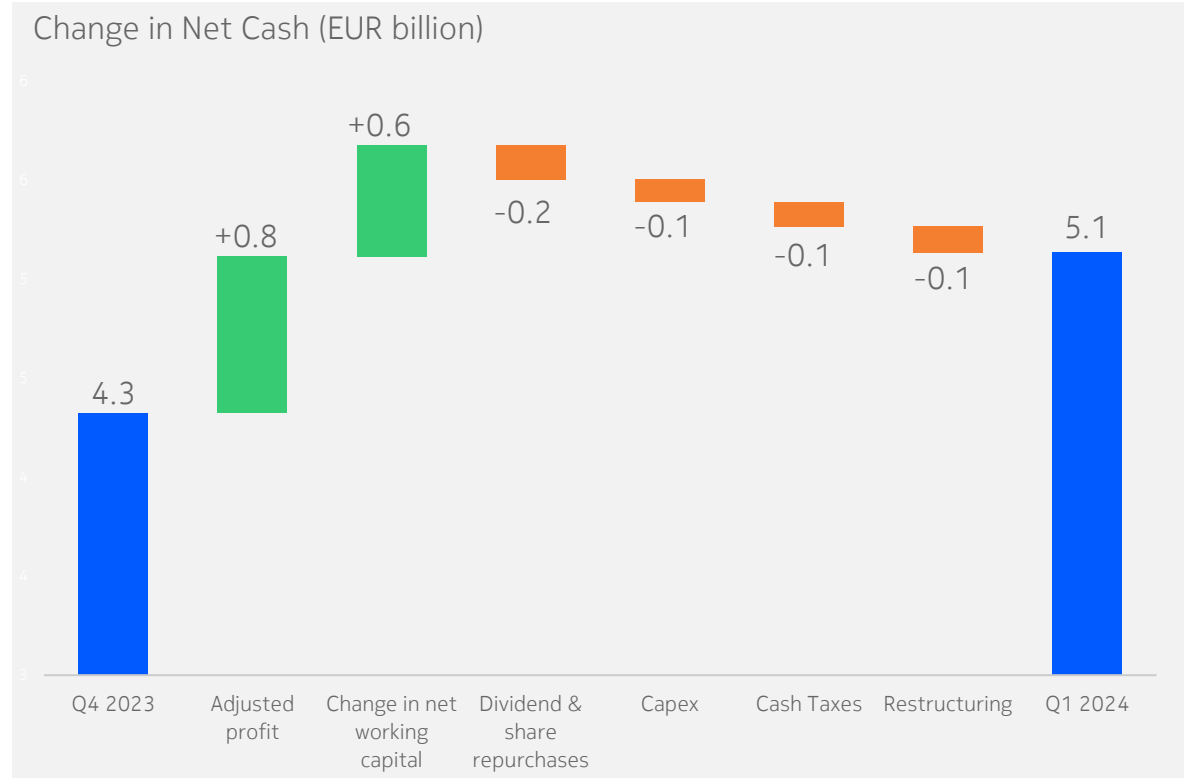
Regional sales: India and North America weigh heavily on top-line

Year-on-year at constant currency



Catch-up net sales and working capital drive strong cash flow

- More than EUR 400m of catch-up sales benefits profit
- Receivables drive net working capital inflows
- Returned EUR 0.2bn to shareholders mainly through dividend
- Free cash flow of almost EUR 1bn in Q1



Business Highlights

Pekka Lundmark

President and Chief Executive Officer

A large blue circle on the right side of the slide. Inside the circle, the word "NOKIA" is written in blue, uppercase letters. The background of the circle is a blurred cityscape at night with lights from buildings.

NOKIA

NI: Fixed Networks - well-positioned for market recovery

Technology leadership:

- No. 1 OLT supplier globally: 41% share ex. China*
- Compelling value proposition with 25G PON
- Additional 25G ONT products launched in Q1

Market dynamics:

- **North America:** Stabilizing as inventory positions have improved. BEAD funding progressing well – still expect to benefit H2'24 and into 2025.
- **Europe:** Deployments remain at high level in low penetration markets and mature markets start to upgrade to XGS-PON and 25G-PON
- **Rest of World:** Good momentum in many other regions as well.

Still >70% of homes without FTTH ex. China

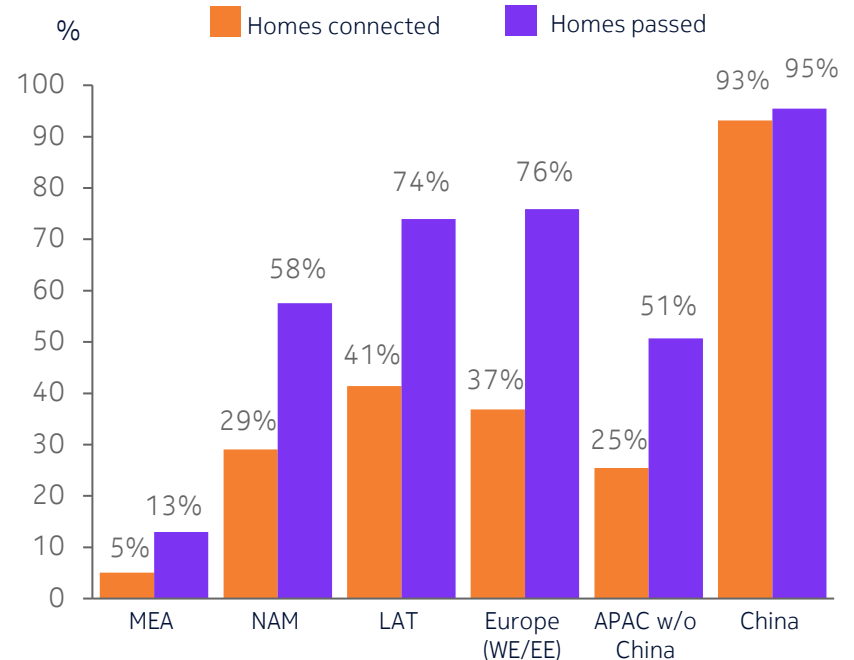


Chart shows the % of homes in each region with either the availability of FTTH (homes passed) or is already connected (home connected)

Source: IDATE World FTTx market, December 2023

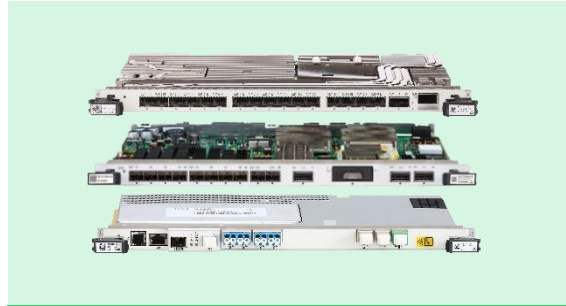
*Source: Dell'oro PON Access Concentrator Q4 23 Report

NI: Optical Networks - bringing scale and efficiency to metro edge



Metro-optimized coherent optics

- Optimized for metro/access
- 800G pluggable coherent optics: low power and scale
- 100G pluggable coherent: performance to the edge



Edge-optimized service aggregation

- Increasing scale of service delivery to the metro edge
- Integrated and optimized small form factors



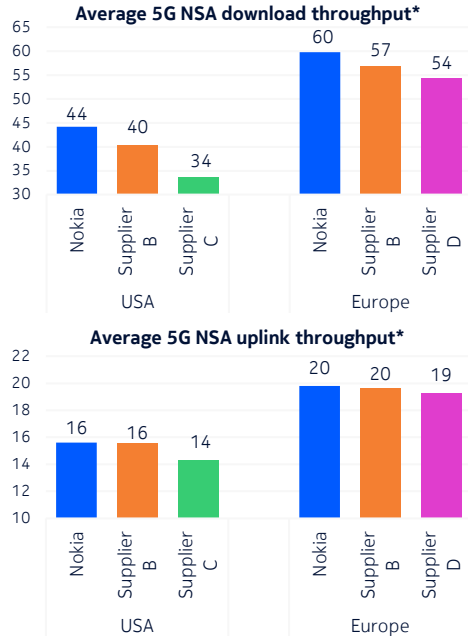
Scalable metro-optimized platform

- Small chassis optimized for metro/edge
- Supports outdoor use
- Optimized for telco and enterprise deployments

Mobile Networks: R&D investment delivering leading performance

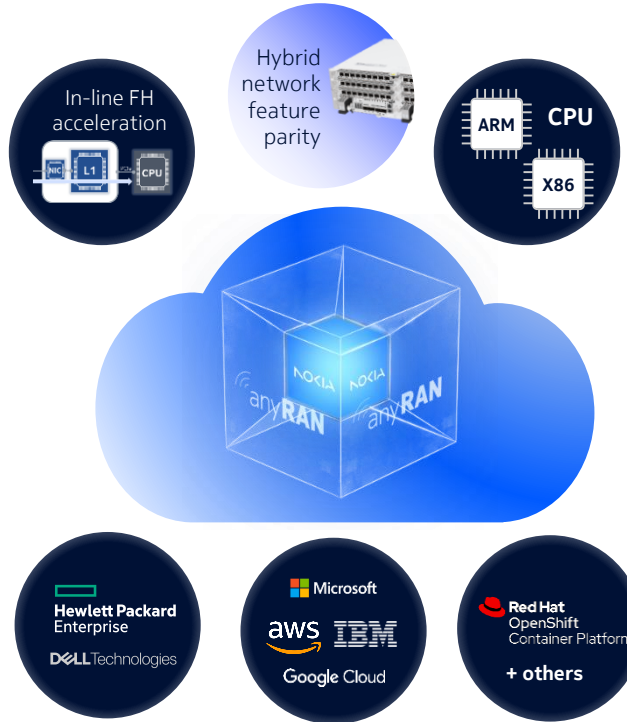
Nokia AirScale portfolio delivers performance and flexibility for customers

Best network performance...



Source: Nokia analysis of crowdsourced data from OpenSignal covering 115 cities in the US and 108 cities in 14 countries in Europe during Jan

...with widest deployment flexibility... ...and commitment to open architectures



Nokia completed operability with radios from five different suppliers using the O-RAN compliant 7-2x interface.

FUJITSU

MAVENIR

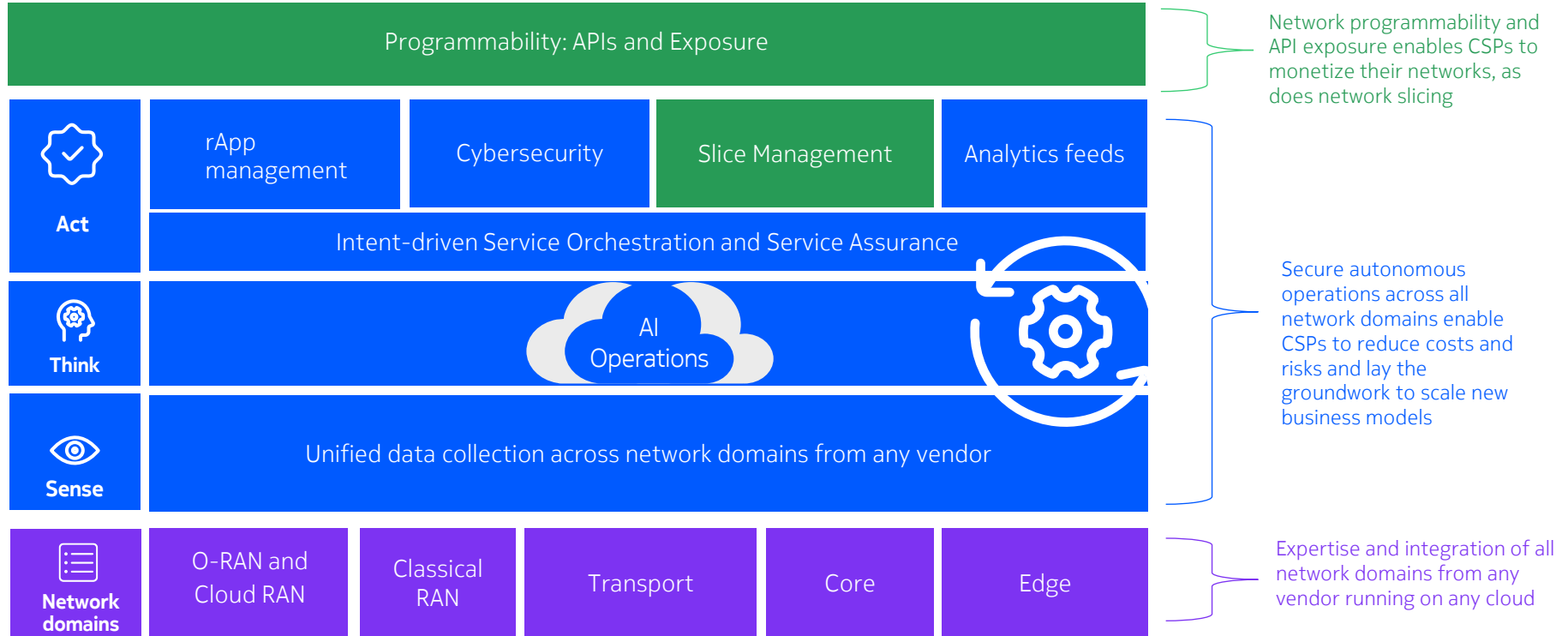
SAMI

+2 non-public

NOKIA

Addressing operators two biggest challenges

Helping operators to automate and monetize their 5G networks



Collaborations and partnerships remain a top priority

Strategic partnership to advance network cloud transformation and private 5G



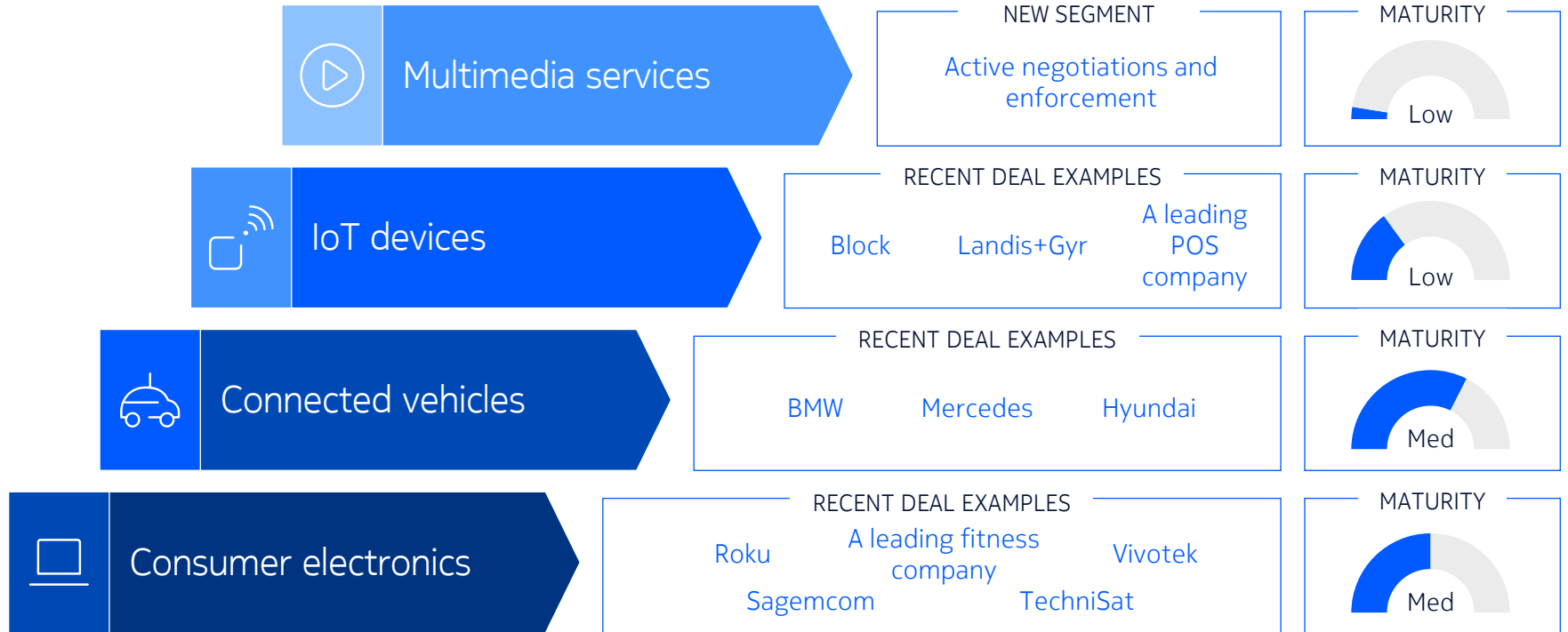
- **Cloud infrastructure** for Cloud RAN and Cloud Core, for the MN and CNS portfolio
- Nokia adopts Dell as its **preferred infrastructure partner** for existing Nokia AirFrame customers
- Dell adopts Nokia as its **preferred private wireless partner** for enterprise edge use cases

Collaboration to position AI as transformative to mobile networks



- Focus on **Cloud RAN solutions** that leverage advanced NVIDIA Grace CPUs and NVIDIA GPUs, Nokia's In-Line accelerator technology and Cloud RAN software
- **Enhances Nokia's anyRAN approach** that improves choice and flexibility in Cloud RAN solutions

Nokia Technologies now focusing resources on growth areas



Key Takeaways

Weak market remains but **improving order trends** provide confidence in H2 growth

Smartphone **licensing renewal cycle complete**, contributing to **strong Q1 cash generation**

Solidly on-track to achieve full year outlook

2024 Outlook

Solidly on track given second half growth and on-going cost savings actions

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 Performance measure section of our Interim Report for Q1 2024 for a full explanation of how these terms are defined.

Q&A

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

NOKIA

The image features the Nokia logo in a large, white, sans-serif font centered against a dark blue background. The background is a blurred, long-exposure photograph of a city skyline at night, with numerous vertical light trails in shades of blue, cyan, and orange. The light trails represent the lights of buildings and streets, creating a sense of motion and urban energy. The Nokia logo is the central focus, with its letters clearly defined against the busy, light-filled background.

NOKIA