

Conference call  
April 26, 2018  
15:00 / Helsinki  
08:00 / New York

Q1 2018

# Disclaimer

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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, including, without limitation, those regarding future business and the financial performance of Nokia and its industry and statements preceded by “believe,” “expect,” “anticipate,” “foresee,” “sees,” “target,” “estimate,” “designed,” “aim,” “plans,” “intends,” “focus,” “continue,” “is to,” “will” 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 on pages 71 to 89 of our annual report on Form 20-F for the year ended December 31, 2017 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. In addition to information on our reported IFRS results, we provide certain information on a non-IFRS, or underlying business performance, basis. Non-IFRS results exclude all material special items for all periods. In addition, non-IFRS results exclude intangible asset amortization and other purchase price accounting related items arising from business acquisitions. We believe that our non-IFRS financial measures provide meaningful supplemental information to both management and investors regarding Nokia’s underlying business performance by excluding the

aforementioned items that may not be indicative of Nokia’s business operating results. These non-IFRS financial measures should not be viewed in isolation or as substitutes to the equivalent IFRS measure(s), but should be used in conjunction with the most directly comparable IFRS measure(s) in the reported results. A detailed explanation of the content of the non-IFRS information and a reconciliation between the non-IFRS and the reported information for historical periods can be found in Nokia’s respective financial results reports. Please see our issued interim reports for more information on our results and financial performance for the indicated periods as well as our operating and reporting structure.

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Presented by



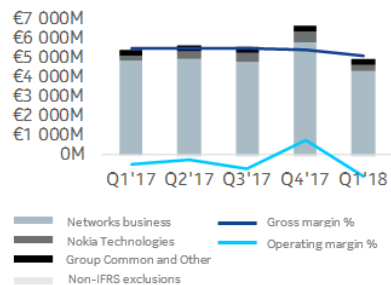
Rajeev Suri  
President and CEO



Kristian Pullola  
CFO

# Nokia, reported

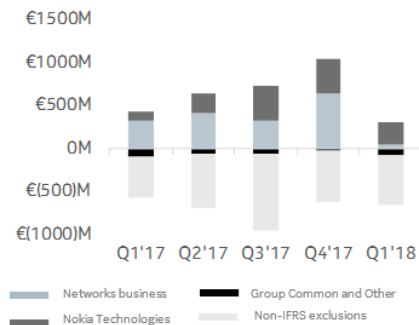
## Components of net sales



## Margin



## Components of operating profit



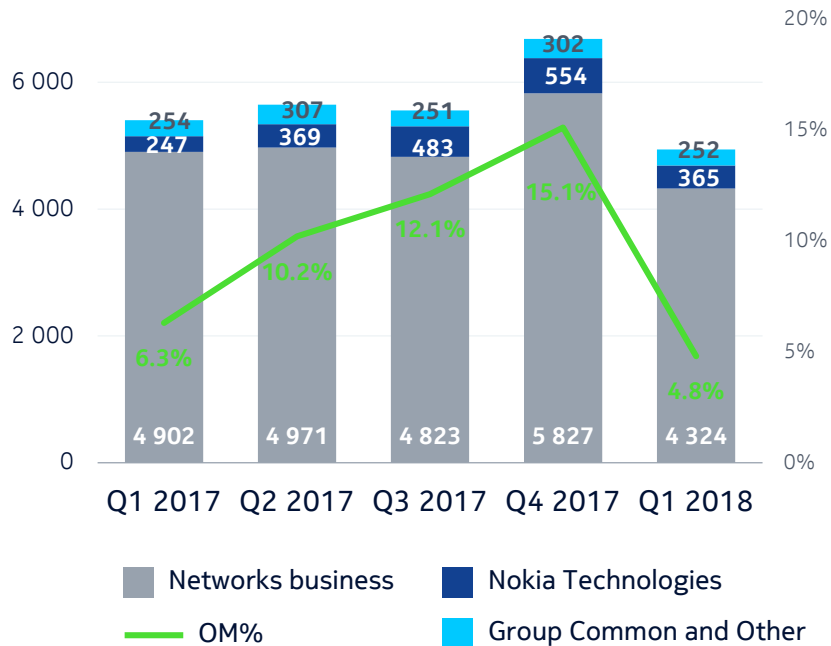
First quarter 2018 reported results. Refer to note 1, "Basis of Preparation" and note 15, "Performance measures", in the "Financial statement information" section for further details<sup>1</sup>

EUR million (except for EPS in EUR)	Q1'18	Q1'17	YoY change	Constant currency YoY change
Net sales	<b>4 924</b>	5 378	(8)%	0%
Nokia's Networks business	<b>4 324</b>	4 902	(12)%	(3)%
Nokia Technologies	<b>365</b>	247	48%	49%
Group Common and Other	<b>252</b>	254	(1)%	4%
Non-IFRS exclusions	<b>(5)</b>	(11)	(55)%	
Gross profit	<b>1 805</b>	2 125	(15)%	
Gross margin %	<b>36.7%</b>	39.5%	(280)bps	
Operating loss	<b>(336)</b>	(127)	165%	
Nokia's Networks business	<b>43</b>	324	(87)%	
Nokia Technologies	<b>274</b>	116	136%	
Group Common and Other	<b>(78)</b>	(99)	(21)%	
Non-IFRS exclusions	<b>(575)</b>	(468)	23%	
Operating margin %	<b>(6.8)%</b>	(2.4)%	(440)bps	
Financial income and expenses	<b>(108)</b>	(146)	(26)%	
Income taxes	<b>94</b>	(154)		
Loss for the period	<b>(354)</b>	(435)	(19)%	
Loss attributable to the equity holders of the parent	<b>(351)</b>	(473)	(26)%	
Non-controlling interests	<b>(3)</b>	37		
EPS, EUR diluted	<b>(0.06)</b>	(0.08)	(25)%	
Net cash and current financial investments	<b>4 176</b>	4 409	(5)%	

# Nokia, non-IFRS

## Net sales and operating margin

EUR million



First quarter 2018 non-IFRS results. Refer to note 1, "Basis of Preparation" and note 15, "Performance measures", in the "Financial statement information" section for further details<sup>1</sup>

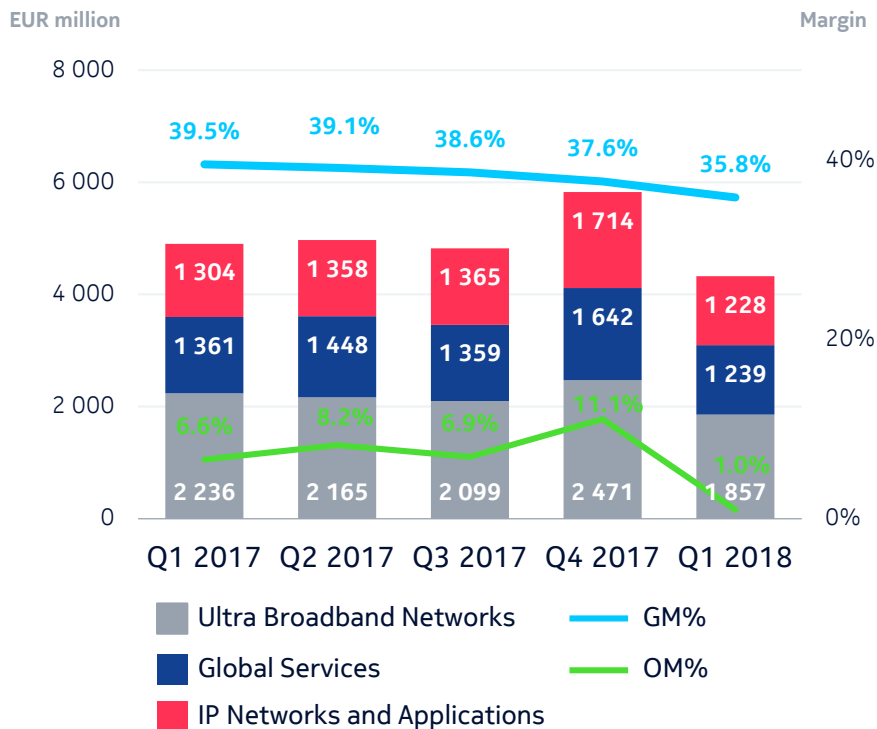
EUR million (except for EPS in EUR)	Q1'18	Q1'17	YoY change	Constant currency YoY change
<b>Net sales (non-IFRS)</b>	<b>4 929</b>	5 388	(9)%	0%
Nokia's Networks business	4 324	4 902	(12)%	(3)%
Nokia Technologies	365	247	48%	49%
Group Common and Other	252	254	(1)%	4%
Gross profit (non-IFRS)	1 941	2 196	(12)%	
Gross margin % (non-IFRS)	39.4%	40.8%	(140)bps	
<b>Operating profit (non-IFRS)</b>	<b>239</b>	341	(30)%	
Nokia's Networks business	43	324	(87)%	
Nokia Technologies	274	116	136%	
Group Common and Other	(78)	(99)	(21)%	
Operating margin % (non-IFRS)	4.8%	6.3%	(150)bps	
Financial income and expenses (non-IFRS)	(116)	(81)	43%	
Income taxes (non-IFRS)	(36)	(48)	(25)%	
Profit for the period (non-IFRS)	83	203	(59)%	
Profit attributable to the equity holders of the parent (non-IFRS)	86	196	(56)%	
Non-controlling interests (non-IFRS)	(3)	6		
EPS, EUR diluted (non-IFRS)	0.02	0.03	(33)%	

# Nokia Outlook

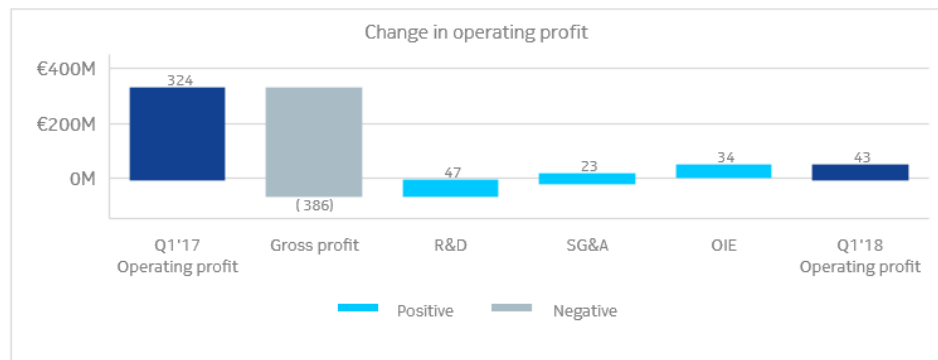
- Nokia reiterates all of its full year 2018 Nokia-level guidance, despite expected weakness in its Networks business in the first half of 2018.
- In its Networks business, Nokia sees market conditions improving and 5G accelerating further, with strong momentum building by year end. Nokia now sees a stronger primary addressable market for its Networks business in full year 2018 and expects its Networks business to outperform its primary addressable market in full year 2018.
- Nokia remains on target to deliver EUR 1.2 billion of recurring annual cost savings in full year 2018. Our active efforts to drive 5G adoption are expected to result in EUR 100 to 200 million of temporary expenses in 2018 to support 5G customer trials.
- Nokia continues to see opportunities to build on its track record in Nokia Licensing within Nokia Technologies and drive a compound annual growth rate of approximately 10% for recurring net sales over the 3-year period ending 2020.
- Please refer to the full details and other targets in the Outlook section of this press release.

# Nokia's Networks business

## Net sales and margins



EUR million	Q1'18	Q1'17	YoY change	Constant currency YoY change
<b>Net sales</b>	<b>4 324</b>	4 902	(12)%	(3)%
Ultra Broadband Networks	<b>1 857</b>	2 236	(17)%	(8)%
Global Services	<b>1 239</b>	1 361	(9)%	0%
IP Networks and Applications	<b>1 228</b>	1 304	(6)%	4%
Gross profit	<b>1 549</b>	1 935	(20)%	
Gross margin %	<b>35.8%</b>	39.5%	(370)bps	
R&D	<b>(897)</b>	(944)	(5)%	
SG&A	<b>(644)</b>	(667)	(3)%	
Other income and expenses	<b>34</b>	0		
<b>Operating profit</b>	<b>43</b>	324	(87)%	
Ultra Broadband Networks	<b>85</b>	245	(65)%	
Global Services	<b>(6)</b>	55		
IP Networks and Applications	<b>(36)</b>	23		
Operating margin %	<b>1.0%</b>	6.6%	(560)bps	

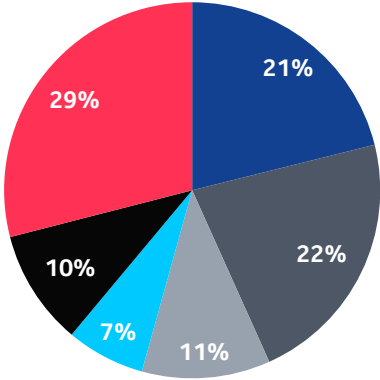




# Nokia's Networks business

Net sales by geographic area

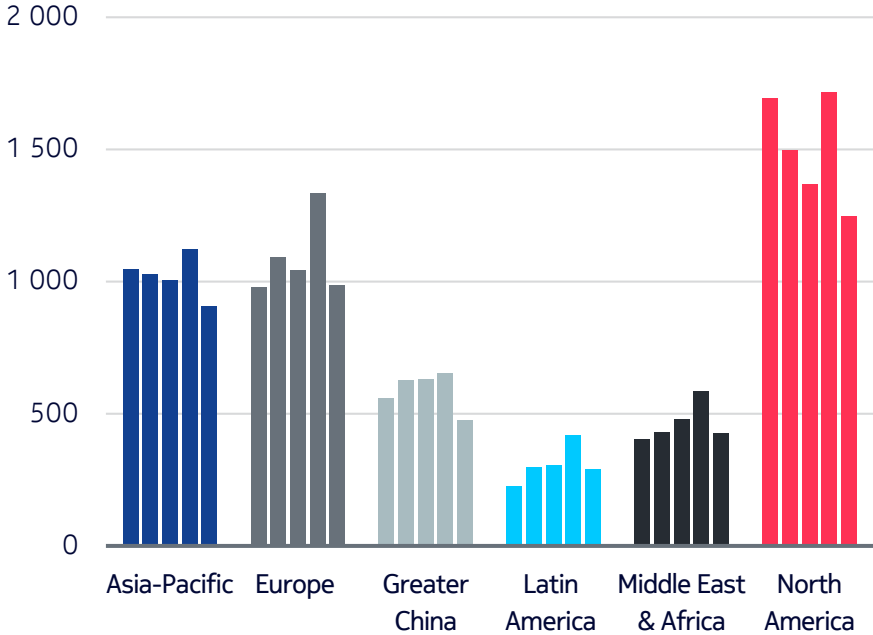
Q1 2018



- Asia-Pacific
- Europe
- Greater China
- Latin America
- Middle East & Africa
- North America

EUR million

Q1/2017-Q1/2018



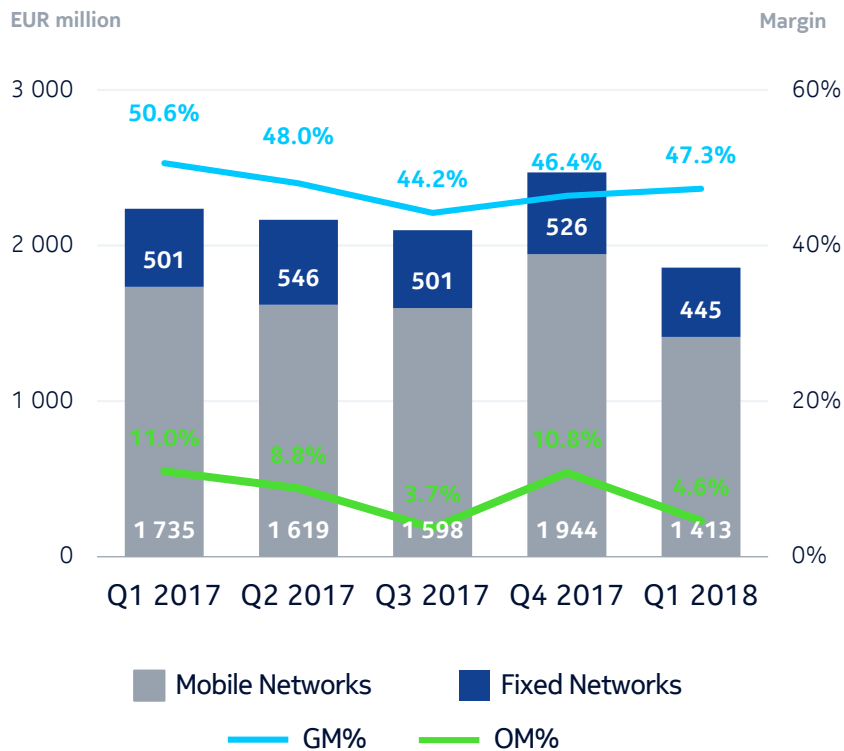
## Nokia's Networks business - Highlights

### **Nokia's Networks business net sales were EUR 4.3bn, with operating profit of EUR 43mn**

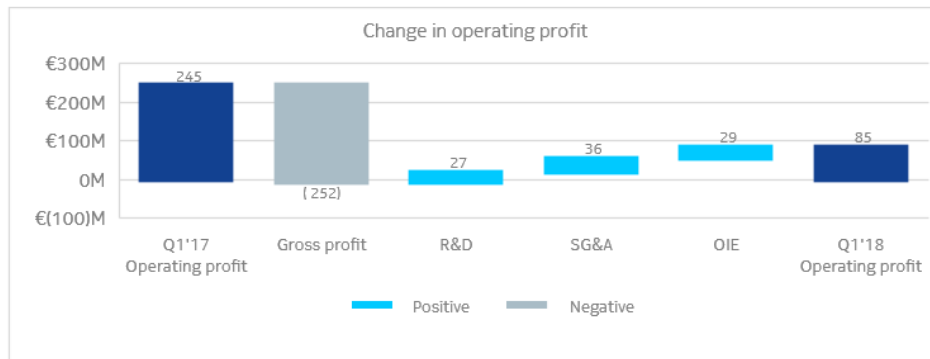
- Q1 net sales and profitability were impacted primarily by lower net sales in North America. However, order intake and backlog were excellent in Q1. Therefore, Nokia expects the net sales trajectory in North America, as well as profitability, to improve significantly in the second half of 2018.
- Based on firm orders, Nokia sees customer demand for 5G accelerating further, particularly in North America, where we expect commercial 5G network deployments to begin near the end of 2018.
- Encouraging progress was made in Q1 with our strategy to diversify and grow by targeting attractive adjacent markets. Strong momentum continued with large enterprise vertical and webscale customers, with double-digit year-on-year growth in net sales and order intake.
- Momentum in our end-to-end strategy continued, with one third of our sales pipeline now comprised of solutions, products and services from multiple business groups.

# Ultra Broadband Networks

## Net sales and margins

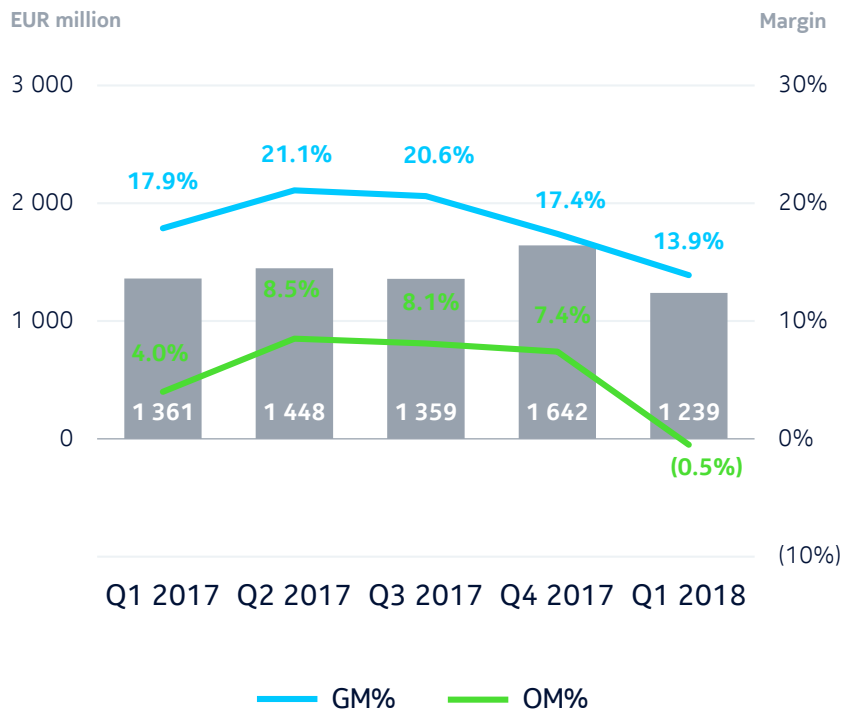


EUR million	Q1'18	Q1'17	YoY change	Constant currency YoY change
<b>Net sales</b>	<b>1 857</b>	2 236	(17)%	(8)%
Mobile Networks	<b>1 413</b>	1 735	(19)%	(10)%
Fixed Networks	<b>445</b>	501	(11)%	(3)%
Gross profit	<b>879</b>	1 131	(22)%	
Gross margin %	<b>47.3%</b>	50.6%	(330)bps	
R&D	<b>(556)</b>	(583)	(5)%	
SG&A	<b>(264)</b>	(300)	(12)%	
Other income and expenses	<b>26</b>	(3)		
<b>Operating profit</b>	<b>85</b>	245	(65)%	
Operating margin %	<b>4.6%</b>	11.0%	(640)bps	

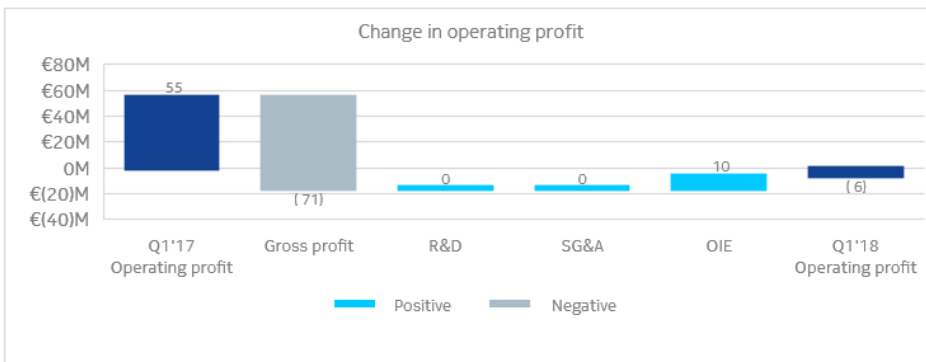


# Global Services

## Net sales and margins

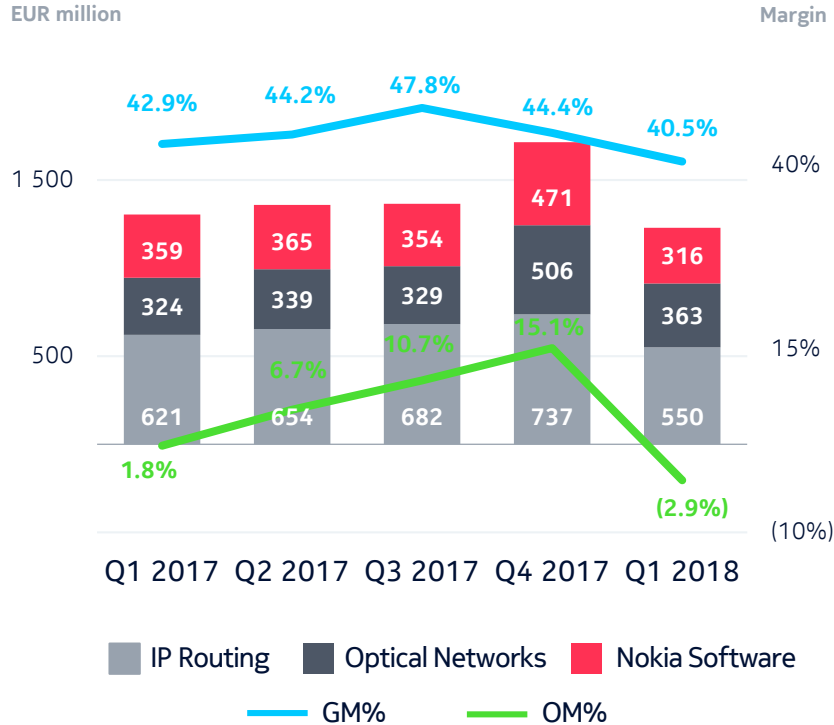


EUR million	Q1'18	Q1'17	YoY change	Constant currency YoY change
<b>Net sales</b>	<b>1 239</b>	1 361	(9)%	0%
Gross profit	<b>172</b>	243	(29)%	
<i>Gross margin %</i>	<b>13.9%</b>	17.9%	(400)bps	
R&D	<b>(23)</b>	(23)	0%	
SG&A	<b>(164)</b>	(164)	0%	
Other income and expenses	<b>8</b>	(2)		
<b>Operating profit</b>	<b>(6)</b>	55		
<i>Operating margin %</i>	<b>(0.5)%</b>	4.0%	(450)bps	

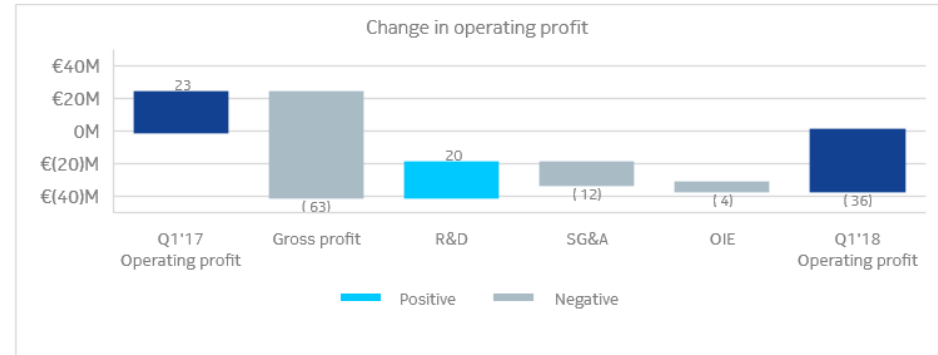


# IP Networks and Applications

## Net sales and margins

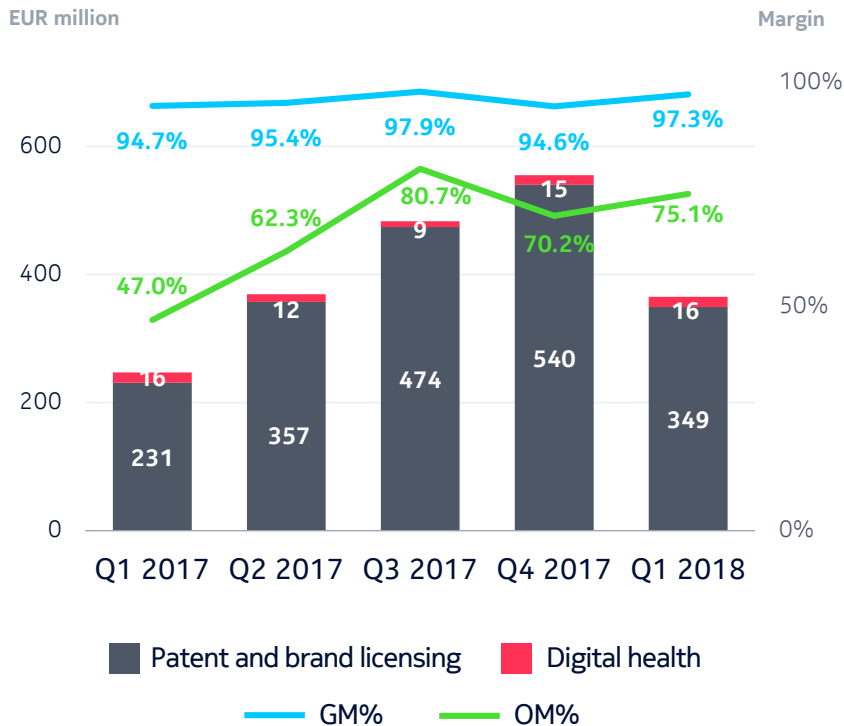


EUR million	Q1'18	Q1'17	YoY change	Constant currency YoY change
<b>Net sales</b>	<b>1 228</b>	1 304	(6)%	4%
IP/Optical Networks	<b>912</b>	945	(3)%	7%
IP Routing	<b>550</b>	621	(11)%	(2)%
Optical Networks	<b>363</b>	324	12%	24%
Nokia Software	<b>316</b>	359	(12)%	(3)%
Gross profit	<b>497</b>	560	(11)%	
Gross margin %	<b>40.5%</b>	42.9%	(240)bps	
R&D	<b>(318)</b>	(338)	(6)%	
SG&A	<b>(215)</b>	(203)	6%	
Other income and expenses	<b>0</b>	4		
Operating profit	<b>(36)</b>	23		
Operating margin %	<b>(2.9)%</b>	1.8%	(470)bps	

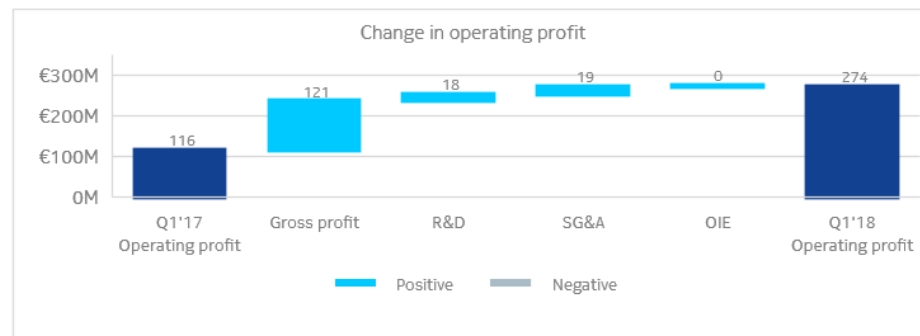


# Nokia Technologies

## Net sales and margins



	Q1'18	Q1'17	YoY change	Constant currency YoY change
EUR million				
Net sales	365	247	48%	49%
Gross profit	355	234	52%	
Gross margin %	97.3%	94.7%	260bps	
R&D	(43)	(61)	(30)%	
SG&A	(39)	(58)	(33)%	
Other income and expenses	0	0		
Operating profit	274	116	136%	
Operating margin %	75.1%	47.0%	2 810bps	



## Nokia Technologies - Highlights

### **Nokia Technologies net sales were EUR 365mn, with operating profit of EUR 274mn**

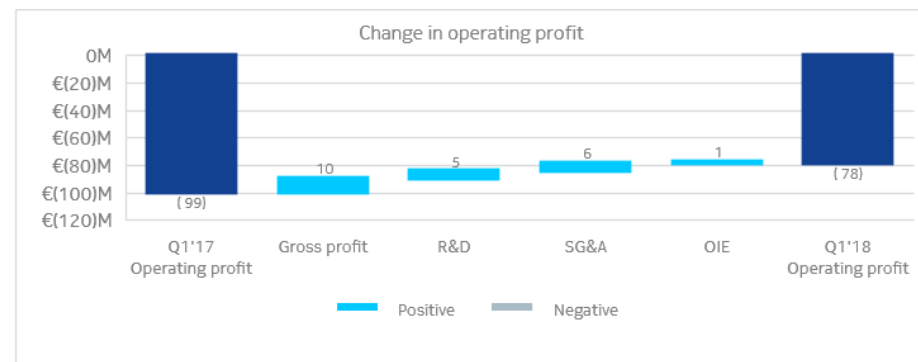
- Strong track record continued, with 48% year-on-year net sales growth and 136% year-on-year operating profit increase in Q1, primarily related to license agreements entered into in 2017.
- Nokia Technologies continued to make good progress on new patent licensing agreements, as well as brand and technology licensing agreements; no major agreements were announced in Q1.

# Group Common and Other

## Net sales and margins



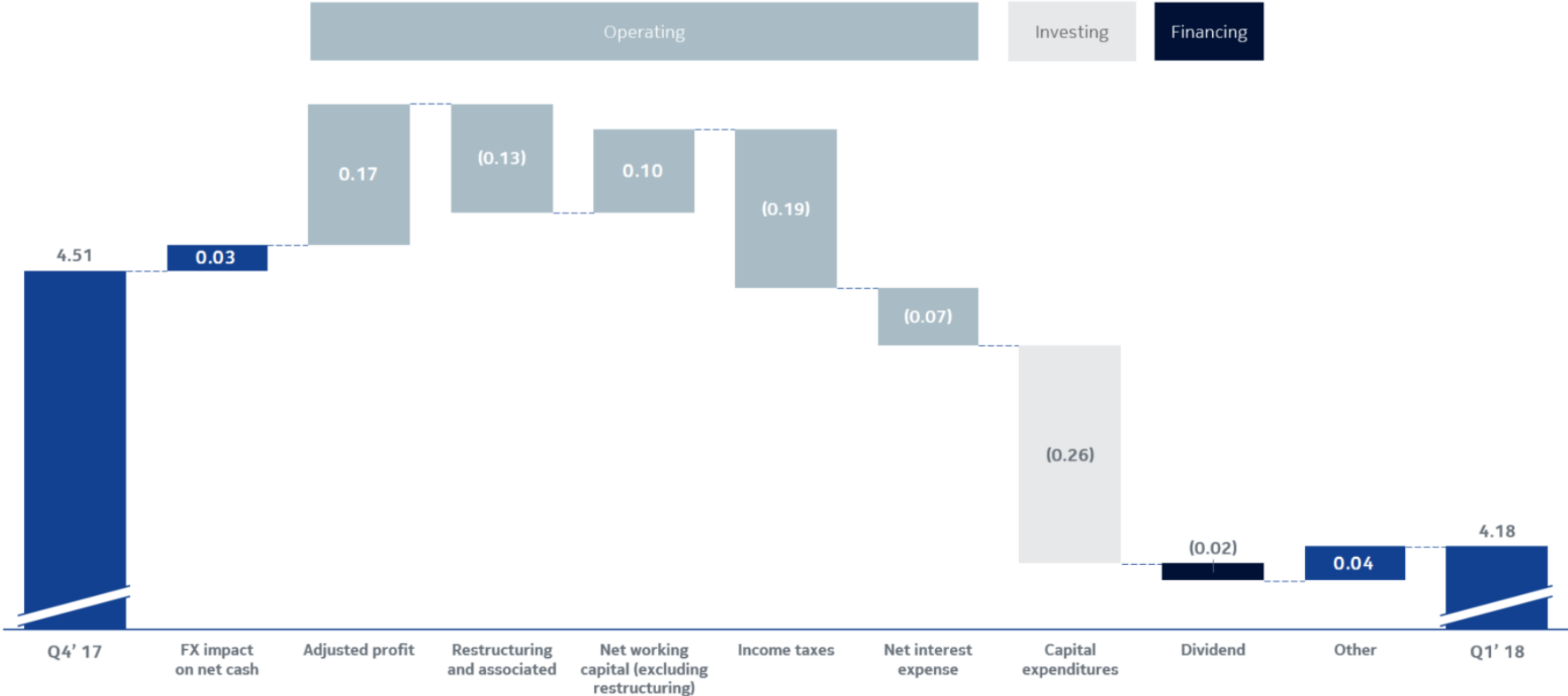
	Q1'18	Q1'17	YoY change	Constant currency YoY change
EUR million				
Net sales	252	254	(1)%	4%
Gross profit	37	27	37%	
Gross margin %	14.7%	10.6%	410bps	
R&D	(71)	(76)	(7)%	
SG&A	(50)	(56)	(11)%	
Other income and expenses	7	6		
Operating loss	(78)	(99)	(21)%	
Operating margin %	(31.0)%	(39.0)%	800bps	





# Change in net cash and current financial investments

(EUR billion)



# Cost savings program

all figures approximate, in EUR million

The following table summarizes the financial information related to our cost savings program, as of the end of the first quarter 2018. Balances related to previous Nokia and Alcatel-Lucent restructuring and cost savings programs have been included as part of this overall cost savings program as of the second quarter 2016.

In EUR million, approximately	Q1'18
<b>Opening balance of restructuring and associated liabilities</b>	<b>810</b>
<b>+ Charges in the quarter</b>	<b>140</b>
<b>- Cash outflows in the quarter</b>	<b>120</b>
<b>= Ending balance of restructuring and associated liabilities</b>	<b>830</b>
<i>of which restructuring provisions</i>	<i>740</i>
<i>of which other associated liabilities</i>	<i>90</i>
<b>Total expected restructuring and associated charges</b>	<b>1 900</b>
<b>- Cumulative recorded</b>	<b>1 460</b>
<b>= Charges remaining to be recorded</b>	<b>440</b>
<b>Total expected restructuring and associated cash outflows</b>	<b>2 250</b>
<b>- Cumulative recorded</b>	<b>1 080</b>
<b>= Cash outflows remaining to be recorded</b>	<b>1 170</b>

## Cost savings program

The following table summarizes our full year 2016 and 2017 results and future expectations related to our cost savings program and network equipment swaps.

In EUR million, approximately rounded to the nearest EUR 50 million	Actual	Actual	Actual	Expected amounts for					
	2016	2017	Cumulative through the end of 2017	FY 2018 as of the end of		FY 2019 and beyond as of the end of		Total as of the end of	
				Q4'17	Q1'18	Q4'17	Q1'18	Q4'17	Q1'18
Recurring annual cost savings	550	250	800	400	400	0	0	1 200	1 200
- operating expenses	350	150	500	300	300	0	0	800	800
- cost of sales	200	100	300	100	100	0	0	400	400
Restructuring and associated charges	750	550	1 300	600	600	0	0	1 900	1 900
Restructuring and associated cash outflows	400	550	950	650	650	650	650	2 250	2 250
Charges related to network equipment swaps	150	450	600	650	650	150	150	1 400	1 400
Cash outflows related to network equipment swaps	150	450	600	650	650	150	150	1 400	1 400

On a cumulative basis, Nokia continues to be on track to achieve the targeted EUR 1.2 billion of recurring annual cost savings in full year 2018.

INDIA

