

## Q1 2025 Investor Video Transcript

24 April 2025

### **DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

Hi everyone, and welcome to this overview of Nokia's first quarter 2025 results.

My name is David Mulholland, Head of Investor Relations and I am joined here from Espoo with our new President and CEO, Justin Hotard.

Please note that during this video we will discuss Nokia's financial performance in the quarter. Where we refer to growth rates it will be on a constant currency and portfolio basis. This metric is adjusted for the impact of currency fluctuations as well as for any meaningful acquisitions or disposals impacting the comparison. Discussion relating to profit or margins will be related to Nokia's comparable reporting metrics. Full reconciliation tables to our IFRS financials are published in our Q1 financial report on the investor relations website.

With that – let's get started.

*Justin, may I take this opportunity to add my own welcome to you that you've now joined Nokia. It's great to have you on board. Before we get into the financial discussion, I wondered if you could share with us some of your initial observations now that you've joined the business.*

### **JUSTIN HOTARD, PRESIDENT AND CEO**

Thank you, David, it's great to be here and to get started. It's been a busy three weeks, and I've already had some great engagements with some of our customers, partners and employees. I look forward to many more in the coming weeks and months.

I'm impressed by our core technology base across the portfolio including in RAN and Core as well as in IP, Optical and Fiber technologies.

In my early customer conversations, it's clear that we are a critical trusted partner for their mobile and fixed networks and that we have the potential to expand our presence in hyperscale, enterprise and defense.

I'm also excited by our employees' innovative spirit, energy and drive to unlock the full potential of Nokia.

My early focus is on our capital allocation and ensuring we drive efficiency and invest sufficiently in the right growth segments to deliver long-term value.

### **DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

*Thanks Justin. So if we now turn back to the financial performance, how was Q1?*

### **JUSTIN HOTARD, PRESIDENT AND CEO**

In the first quarter our net sales declined 3% year over year. However, when you adjust for the over 400 million Euro of catch-up sales in Nokia Technologies, net sales grew 7%.

Our operating margin declined due to a combination of the challenging comparison in Nokia Technologies along with a one-time charge in Mobile Networks. Positively, profitability in both Network Infrastructure and Cloud and Network Services improved.

Network Infrastructure was the main driver of sales growth in the quarter. Net sales grew 11% with 15% growth in Optical, 7% growth in IP and 9% growth in Fixed Networks.

**DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

*So one of the most important highlights in Q1 was obviously the closure of the Infinera acquisition. That was obviously a deal that was committed to before you joined Nokia Justin, but could you maybe share your initial reflections on that as well?*

**JUSTIN HOTARD, PRESIDENT AND CEO**

Absolutely, David. It was great to see the Infinera deal close at the end of February, just 8 months after the announcement. This is a deal that brings a number of important benefits. It gives us the scale we need to accelerate our product innovation in optical and strengthens our portfolio inside the data center. It also improves our position in the US and significantly increases our presence with hyperscalers. In fact, in Q1 hyperscalers were the biggest driver of year-on-year growth in the combined business. The integration work of Infinera has already started. We've made many portfolio decisions and communicated them to customers in early April and we're on track to deliver our synergy targets. I am optimistic this acquisition has significant value creation potential for us.

**DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

*If we then turn to Mobile Networks, you obviously saw 2% growth in the quarter, but the profitability was more challenging. Could you maybe talk about that?*

**JUSTIN HOTARD, PRESIDENT AND CEO**

In Mobile Networks, it was encouraging to see a further stabilization in the net sales trend after two very challenging years. Mobile Networks also won several new deals in the quarter continuing the progress we've seen in 2024. In fact, today we also announced an important contract extension with T-Mobile in the United States.

Unfortunately, this was a challenging quarter for profitability. This was largely due to an unexpected one-time contract settlement charge of 120 million Euro impacting both gross profit and, of course, operating profit. The settlement related to a project for a single customer that started shipping in 2019 and the charge fully resolves the situation.

**DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

*So, maybe to conclude on the different business groups. Could you share your thoughts on how Cloud and Network Services and Nokia Technologies did in the quarter?*

**JUSTIN HOTARD, PRESIDENT AND CEO**

First of all David, in CNS, we delivered 8% sales growth in Q1, driven in part by strong demand for our 5G Core offering. We won several important deals including with AT&T, Boost Mobile, Ooredoo Qatar and Telefonica.

Nokia Technologies continues to execute well with further deals signed in the quarter that increased the contracted net sales run-rate to approximately 1.4 billion Euro.

**DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

*Then Justin if we maybe talk about the broader environment, there is clearly a lot going on. Maybe you can share your initial reflections on how that is impacting Nokia?*

**JUSTIN HOTARD, PRESIDENT AND CEO**

Yes, first of all David, we are not immune to the evolving global trade landscape. However, my initial customer feedback indicates that our markets should continue to prove to be relatively resilient. Therefore, we continue to expect strong growth in Network Infrastructure, growth in Cloud and Network Services and largely stable net sales in Mobile Networks. Of course, we are actively monitoring the situation and taking proactive action to mitigate risk.

**DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

*Maybe if we think specifically about tariffs – how do you see that impacting the business potentially in the second quarter?*

**JUSTIN HOTARD, PRESIDENT AND CEO**

This continues to be a dynamic situation that is largely out of our control. However, given the visibility we have today, we expect tariffs could have a 20 to 30 million Euro impact on our comparable operating profit in Q2. Our supply chain teams are working to mitigate that risk leveraging our global manufacturing network.

**DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

*If we start to look ahead, could you maybe talk about how the outlook for 2025 has evolved?*

**JUSTIN HOTARD, PRESIDENT AND CEO**

So David, for 2025 our outlook is unchanged, and we continue to guide for comparable operating profit of between 1.9 billion and 2.4 billion Euro, with free cash flow conversion of between 50% and 80% of comparable operating profit.

Integration of Infinera won't meaningfully impact the expected range for operating profit. It should be noted however that considering the unexpected charge that impacted Mobile Networks in Q1, achieving the top-end of the range will now be more challenging. I would also highlight that given the

lack of visibility I touched on earlier, we have not taken an assumption related to tariffs in the second half of 2025.

**DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

*Before we conclude Justin, do you have any final comments you'd like to share?*

**JUSTIN HOTARD, PRESIDENT AND CEO**

In the coming months, I will continue to meet with our customers, employees, shareholders and other stakeholders. My focus will be to listen and learn from them. I will provide an update with our Q2 results and I look forward to presenting our complete value creation vision for Nokia at our Capital Markets Day in November.

**DAVID MULHOLLAND, HEAD OF INVESTOR RELATIONS**

Thank you, Justin, and thank you everyone for joining us today.

During this video, we have made forward-looking statements, and these statements are predictions that involve risks and uncertainties. Actual results may therefore differ materially from the results we currently expect. Factors that could cause such differences can be both external as well as internal operating factors. We have identified such risks in more detail in the Risk Factors section of our 2024 annual report on Form 20-F.