

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Year Ago	vs. Year Ago
Revenue (EUR)	EUR 5.154B	EUR 4.700B	+10%
Operating Income, Comparable (EUR)	EUR 605M	EUR 448M	+35%
Operating Income, Reported (EUR)	EUR 196M	EUR 252M	-22.2%
Gross Margin, Comparable	44.6%	44.8%	-0.2 pp
Diluted EPS, Comparable (EUR)	EUR 0.09	EUR 0.06	+50%
SEGMENT RESULTS			
Network Infrastructure Operating Income (EUR)	EUR 216M	EUR 143M	+51.0%
Network Infrastructure Operating Margin	10.0%	7.7%	+2.3 pp
Mobile Infrastructure Operating Income (EUR)	EUR 420M	EUR 355M	+18.3%
Mobile Infrastructure Operating Margin	14.5%	12.9%	+1.6 pp
AI & Cloud Revenue (EUR)	EUR 631M	EUR 279M	+126.2%

2 | GUIDANCE AND OUTLOOK

Full-year comparable operating income guidance was reaffirmed at EUR 2.1 billion to EUR 2.6 billion, with performance tracking somewhat above the EUR 2.35 billion midpoint, as already stated in July. Free cash flow conversion guidance was cut to 35% to 55% from 55% to 75%. For 2027, management introduced expected combined Optical and IP Networks growth of 25% to 30%. The 2026 restructuring charge forecast rose to approximately EUR 1.1 billion from EUR 800 million; capital expenditure guidance fell to EUR 750 million to EUR 850 million.

3 | EARNINGS ANALYSIS

OPERATING LEVERAGE DROVE THE BEAT. Comparable operating income rose 35% to EUR 605 million and margin expanded to 11.7% from 9.5%, on revenue up 10% reported and 9% at constant currency, driven by expense leverage: operating expenses grew only about 2%, R&D was nearly flat at EUR 1.109 billion, and SG&A fell to EUR 579 million. Gross margin slipped to 44.6%, and the quarter absorbed a EUR 55 million hedging swing. Profit ran far ahead of July's flat assumption, helped by radio deliveries accelerated from Q4 and licensing catch-ups.

AI & CLOUD DROVE THE GROWTH. AI & Cloud revenue reached EUR 631 million, 12.2% of group sales, up 123% at constant currency, about 78% of the group's reported revenue increase. IP Networks grew 43% as design wins converted, Optical Networks 18%, and Fixed Networks fell 22%. Order intake of EUR 1.5 billion rose 118% year over year but fell about 46% from Q2's EUR 2.8 billion. Network Infrastructure gross margin fell to 41.2% from 42.7% on initial ramp costs management calls temporary, with Q4 improvement expected.

CASH CONVERSION DETERIORATED MATERIALLY. Free cash flow was negative EUR 99 million against positive EUR 429 million a year earlier, and negative EUR 205 million over nine months against positive EUR 1.238 billion. Full-year conversion guidance was cut to 35% to 55% from 55% to 75% on EUR 400 million of added working capital; inventory rose about 21% and receivables 18%. Restructuring charges of EUR 357 million left reported operating income at EUR 196 million against EUR 605 million comparable.

GROWTH VALIDATED; CASH UNPROVEN. Management introduced expected Optical and IP Networks growth of 25% to 30% for 2027, based on the portfolio and orders in hand, against the 10% to 12% CAGR framework set in November 2025. The stance is hold: constructive on the trajectory, disciplined on incremental exposure. The decisive tests are Q4 Network Infrastructure gross margin, Fab 2 production and yield by year-end, and cash collections, ahead of the 2027 framework due with the January 28 results.

4 | KEY READ-THROUGHS

STRUCTURAL COMPONENT INFLATION WITHOUT A RADIO INVESTMENT CYCLE
Ericsson (ERIC B) | Negative | Moderate to high for 2027 gross margin sensitivity
Nokia sees a flat telecommunications market and warns component inflation is structural, across nodes, memory, and boards; its CFO confirmed the pressures behind Ericsson's 2027 gross margin warning. Without a volume cycle to absorb higher costs, margins squeeze while contracts delay repricing. Part of the 10% Radio Networks growth was deliveries accelerated from Q4, not new demand.

CARRIER-FUNDED AI CONNECTIVITY BROADENS THE OPTICAL INVESTMENT CYCLE
Ciena (CIEN) | Positive | High relevance, but moderate incremental information
Nokia expects Optical and IP Networks growth of 25% to 30% in 2027, on carrier investment in data center interconnect, long-haul transport, and subsea connectivity. Ciena can participate through carrier channels and hyperscaler-owned networks alike. Most orders ship within about 12 months, and demand exceeds supply. Ciena's own framework targets about 30% revenue CAGR through 2029.

QUALIFIED PHOTONIC OUTPUT IS BECOMING A MORE IMPORTANT
Coherent (COHR), Lumentum Holdings (LITE) | Positive | Moderate to high for their optical businesses
800G coherent pluggable shipments more than doubled sequentially; demand exceeds supply, and the 6-inch indium phosphide facility makes volume and yield the milestones. Value shifts to output at qualified yields: qualification, reliability, assembly, packaging, and testing decide whether demand becomes revenue. That favors Coherent's indium phosphide manufacturing and Lumentum's businesses; neither is established as a Nokia supplier.

AI NETWORKING SPENDING IS EXPANDING BEYOND ACCELERATOR BACK-END FABRICS
Arista Networks (ANET), Cisco Systems (CSCO), Hewlett Packard Enterprise (HPE) | Positive | Moderate for cloud-focused networking exposure
Nokia's IP Networks revenue rose 43%, against 16% growth in Q2, as design wins converted in front-end networking, data center interconnect, and scale-across connectivity, including a next-generation hyperscaler gateway win. The pool is distinct from accelerator back-end fabrics and supports demand for Arista, Cisco, and HPE's Juniper routing, even as Nokia's wins intensify competition.