

Nokia doubles profit, pledges 'to win' at 5G

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Nokia wants to beat rivals Ericsson and Huawei in the 5G market

Finnish telecoms equipment maker Nokia more than doubled its profits in the third quarter as its new chief executive promised on Thursday to do "whatever it takes" to become the 5G market leader.

On his first results day since taking the reins of the Finnish networks

giant in August, Pekka Lundmark vowed to beat rivals Ericsson and Huawei in the 5G market.

"In those areas we choose to compete, we will play to win," he told reporters. "We will do whatever it takes to lead in 5G and we are ready to invest more."

Despite a "disappointing" 7.0-percent fall in sales, in part due to poor services performance, Nokia posted a 193-million-[euro](#) (\$227-million) [net profit](#) for the three months to September, up from 82 million euros in the same period last year.

The operating margin—which measures underlying profit as a proportion of sales—rose to 9.2 percent from 8.4 percent a year earlier.

But Nokia downgraded its 2020 outlook, lowering projected earnings per share by two cents to 0.23 euros in part due to difficulties in the North American market.

For 2021, operating margin was forecast at between seven and 10 percent.

"Next year, they will be restructuring and building the foundation for the long-term strategy, and that will cost time and money," Mikael Rautanen, analyst at Inderes, told AFP.

"But these changes are something that Nokia has to do in order to build a successful company."

In midday trading on the Helsinki stock exchange, Nokia's stock was showing a loss of 16 percent at 2.89 euros.

5G milestone

This quarter, Nokia passed the milestone of 100 5G deals, although the company still trails Ericsson and Huawei in the race to deploy next-generation super-fast networks.

However, European and US restrictions on Chinese-made equipment in 5G networks, introduced this year, have allowed Nokia to win contracts in Britain and Finland, among others, in recent weeks to replace Huawei equipment.

"Some of the geopolitical trends are opening up new opportunities," Lundmark said, adding that progress in 5G product development has been "excellent".

Nokia's aim to be market leader in 5G is "ambitious," said analyst Mikael Rautanen, noting that the group lost almost one fifth of its market footprint in the transition from 4G to 5G.

"But being a strong number two would not be a bad thing, because there are only three significant players in the [market](#)," he said.

Nokia also said that factory closures earlier in the year due to the coronavirus pandemic cost it around 200 million euros, but that it expects to save 250 million euros across the whole year in travel and personnel expenses.

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