

Nokia profit substantially up on new operating model, 5G

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Wireless network maker and 5G technology provider Nokia reported substantially improved second-quarter profit Thursday, citing the help of its new operating model and booming sales of 5G equipment.

The company, based in Espoo, Finland, reported [net profit](#) of 539 million euros (\$640 million) for the April-June period, up 71% from 316 million euros a year earlier. Sales were up 4% at 5.3 billion euros.

CEO Pekka Lundmark, who took over Nokia's top job a year ago and has drastically changed the [business strategy](#), said the second-quarter results showed the company was on the right track.

"We are already seeing the benefits of our new operating model, which helped us to deliver such a strong financial performance," Lundmark said.

The executive has vowed to make Nokia the world leader in 5G - the new generation of broadband technology - even if it means sacrificing short-term profitability.

In 5G technology, Nokia is in a tight race with Nordic competitor Ericsson, China's Huawei and South Korea's Samsung, among others.

Lundmark said Nokia has revised its full-year profit outlook upwards and "we now expect comparable operating margin between 10 and 12% for full year 2021, compared to our previous range of 7-10%."

"We have executed faster than planned on our strategy in the first half, which provides us with a good foundation for the full year," he said.

Lundmark acknowledged, however, that Nokia faced "headwinds" in markets like the United States, where the company has lost [market share](#). Challenges also loom in China, where Nokia's market share has remained low despite the company recently securing an important 5G deal with key operator China Mobile.

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