

Nokia's Q1 profits eroded by Russia withdrawal

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Nokia has been gaining ground against rivals such as Sweden's Ericsson and China's Huawei.

Finnish telecom equipment maker Nokia on Thursday announced a 17 percent fall in quarterly profits due to its withdrawal from Russia and

supply problems but said it would meet this year's target.

The company said [net profit](#) stood at 219 million euros "primarily due to a 104 million euro (\$230 million) provision related to Russia."

Earlier this month Nokia announced a full [withdrawal](#) from the Russian market leading to the layoff of 2,000 local staff.

CEO Pekka Lundmark told reporters the withdrawal "is ongoing at the moment" and done "in a way that maintenance would continue during the withdrawal process" following requests from Western governments for humanitarian reasons.

"The demand environment remains strong and while [supply chain](#) and inflation challenges remain, we are confident we can deliver our 2022 outlook," Lundmark said.

He said the group is "engaging with our customers to find ways to pass on the inflation to customer prices."

"This is of course easier in new contracts than in existing contracts," Lundmark said.

Quarterly net sales grew five percent to 5.3 billion euros, an increase of 1 percent at constant currency levels.

The results came after what Lundmark called a "transformational" 2021 for the group, which had been flagging in the race with Sweden's Ericsson and China's Huawei in the 5G network equipment market.

Since taking the helm in 2019, Lundmark has overseen a wide-ranging restructuring and cost-cutting programme, with savings funnelled into developing more competitive technology.

The moves are widely seen as having paid off, with Nokia posting a comparable operating margin of 12.5 percent in 2021 and forecasting 11 to 13.5 percent for 2022.

On Thursday Lundmark also praised the "heroic efforts" of the "few tens of employees" that remain in Ukraine to maintain and repair networks since the start of the Russian invasion on 24 February.

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