

# Nokia sees 'challenging' 2024 after profits plunge

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Finnish telecommunications equipment maker Nokia warned Thursday that it expects another tough economic environment in the first half of

this year after its net profit sank in 2023.

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The Finnish firm reported a profit of 679 million euros (\$739 million) for last year, down 84 percent from 2022.

"In 2023 we saw a meaningful shift in customer behavior impacting our industry driven by the macro-economic environment and high interest rates along with customer inventory digestion," Nokia chief executive Pekka Lundmark said in an earnings statement.

"We expect the challenging environment of 2023 to continue during the first half of 2024, particularly in the [first quarter](#)," he added.

Nokia reported an 11 percent drop in net sales last year to 22.26 billion euros, driven by a fall in investment by mobile network operators in North America.

The results were also affected by a slowdown in the deployment of 5G networks in India.

In the last quarter of 2023, its adjusted operating profit fell 27 percent to 846 million, but this was still higher than the 763 million euros expected by a group of analysts polled by Bloomberg.

Nokia said last year it could cut its workforce by up to 14,000 people, reducing costs by up to 1.2 billion euros by 2026.

The company also lost a battle with Ericsson for a \$14 billion five-year contract with US company AT&T.

Atte Riikola, an analyst with Finnish market research firm Inderes, told AFP that the first half of 2024 "will remain pretty bad for all the business areas" for Nokia.

"Mobile networks will remain a very tough market, in particular in North America, and is not expected to fully recover," Riikola said, adding that "investors have to be patient."

Nokia shares were up over six percent in the early hours of trading on the Helsinki stock exchange, with investors encouraged by strong free cash flow generated in the last quarter and the announcement of a two-year, 600-million-euro share buyback program, according to analysts.

Lundmark said the outlook could improve in the second half of this year.

"We are now starting to see some green shoots on the horizon, with improving order intake for [network infrastructure](#) and some of the specific deals we have won," he said.

For its part, Ericsson warned Tuesday that it expected further market decline outside China this year after booking a loss of 26.1 billion kronor (\$2.5 billion) last year.

Nokia, Ericsson and Chinese firm Huawei are locked in a fierce battle for 5G business around the world.

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