

Nokia renaissance sees profits climb

PARIS, FRANCE: Finnish telecommunications equipment company Nokia jumped back into profit in the second quarter boosted by restructuring after it lost its leading position in handsets and sold its phone division to Microsoft.



Nokia's Rajeev Suri says that having sold the phone division to Microsoft the company's networking products and services are showing strong growth and profitability. Image: [Fone Arena](#)

The group reported a net profit for the quarter of €2.51bn from a loss of €226m for the same period last year, surprising the market with an unexpectedly rapid recovery based on its networking technology.

But sales fell by nearly 7.0% to €2.9bn, although this was in line with the overall expectations from analysts polled by Dow Jones Newswires.

The group is focusing on its information networks expertise and on its data technologies.

Chief Executive Rajeev Suri said in a statement that the technology networks division allowed Nokia to deliver strong profitability.

He said: "Maintaining this balance will remain a clear priority in the second half of the year when we expect networks to return to year-on-year growth."

Profits likely to be higher than expected

"Our expectations for the full year have improved and we now expect underlying profits for networks to be slightly above our long-term target range of between 5% and 10%."

Nokia fell rapidly from a leading place in the mobile telephone equipment industry to being a straggler after being overtaken

by the rise of other smartphone brands.

But the group has a long history of successfully re-inventing itself, and Suri said that this was borne out by the company's latest quarterly performance.

"From the many conversations I have had with customers, partners, employees and others in my first quarter as CEO, I now have a high degree of confidence about our future," he said.

He also said that free navigation applications for the vehicle sector, called HERE, were doing well and that the group would continue to invest in this.

The technologies activities of the group raised gross profit by more than 30% during the quarter, thanks largely to Microsoft which has become the owner of the intellectual rights after buying the handsets and services activities.

Microsoft warned earlier this month that it would cut 18,000 jobs around the world with the loss of about 1,100 jobs in Finland.

Nokia's restructuring plan, announced in 2011, has generated heavy charges likely to amount to €2.0bn by the end of this year.

The number of Nokia employees at the end of the quarter was nearly 56,500, about 1.0% fewer than last year.

Source: AFP via I-Net Bridge

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