

NOKIA CORP
Form 6-K
August 04, 2016

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a -16 or 15d -16 of

the Securities Exchange Act of 1934

Report on Form 6-K dated August 4, 2016

(Commission File No. 1-13202)

Nokia Corporation

Karaportti 3

FI-02610 Espoo

Finland

(Name and address of registrant's principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F: Form 40-F:

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes: **No:**

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Yes: **No:**

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes: **No:**

Enclosures:

Nokia stock exchange release dated August 4, 2016: Financial Report for Q2 and Half Year 2016

HALF YEAR FINANCIAL REPORT

August 4, 2016

Nokia Corporation Financial Report for Q2 and Half Year 2016

Solid financial performance and raised cost savings target

Nokia Corporation

Half Year Financial Report

August 4, 2016 at 08:00 (CET +1)

This is a summary of the Nokia Corporation financial report for Q2 and half year 2016 published today. The complete financial report for Q2 and half year 2016 with tables is available at <http://nokia.com/financials>. Investors should not rely on summaries of our financial reports only, but should review the complete financial reports with tables.

FINANCIAL HIGHLIGHTS

- Non-IFRS net sales in Q2 2016 of EUR 5.7 billion (reported: EUR 5.6 billion). In the year-ago quarter, non-IFRS net sales would have been EUR 6.4 billion on a comparable combined company basis (reported: EUR 2.9 billion on a Nokia stand-alone basis).
- Non-IFRS diluted EPS in Q2 2016 of EUR 0.03 (reported: EUR negative 0.12).
- Raised annual cost savings target to approximately EUR 1.2 billion of total annual cost savings to be achieved in full year 2018, compared to the combined non-IFRS operating costs of Nokia and Alcatel-Lucent for full year 2015, excluding Nokia Technologies. Related to this, Nokia recorded approximately EUR 600 million of restructuring and associated charges in the second quarter 2016.

Nokia's Networks business

- 11% year-on-year net sales decrease in Q2 2016. Consistent with our outlook for the wireless infrastructure market, net sales were weak in Mobile Networks within Ultra Broadband Networks, and accounted for approximately 80% of the overall decrease in Nokia's Networks business. IP Networks and Applications also contributed to the decrease. This was partially offset by strong growth in Fixed Networks within Ultra Broadband Networks.
- In Q2 2016, solid gross margin of 37.4% and operating margin of 6.0% were adversely affected by a customer in Latin America undergoing judicial recovery. Excluding this, gross margin would have been approximately 38% and operating margin would have been nearly 7%.

Nokia Technologies

- 11% year-on-year net sales decrease in Q2 2016. Excluding the impact of non-recurring items that benefitted the year-ago quarter, Nokia Technologies net sales would have grown by approximately 10% year-on-year, primarily due to higher intellectual property licensing income from existing licensees.
- Announced an expansion of the patent cross license agreement with Samsung on July 13, 2016 to cover certain additional patent portfolios, reinforcing Nokia's leadership in technologies for the programmable world. The expansion of the agreement occurred subsequent to the end of the second quarter 2016, and therefore did not impact the second quarter of 2016 financials. Instead, the expanded agreement will have a positive impact to Nokia Technologies starting from the third quarter of 2016. Nokia expects total annualized net sales related to patent and brand licensing to grow to a run rate of approximately EUR 950 million by the end of 2016.

Q2 and January-June 2016 non-IFRS results. See note 1 to the interim financial statements for further details (1),(2)

EUR million	Q2 16	Combined company historicals(2) Q2 15	YoY change	Q1 16	QoQ change	Q1- Q2 16	Combined company historicals(2) Q1-Q2 15	YoY change
<i>Net sales – constant currency (non-IFRS)</i>			(9)%		2%			(9)%
Net sales (non-IFRS)	5 676	6 363	(11)%	5 603	1%	11 279	12 492	(10)%
Nokia's Networks business	5 228	5 895	(11)%	5 181	1%	10 409	11 557	(10)%
Ultra Broadband Networks	3 807	4 303	(12)%	3 729	2%	7 535	8 530	(12)%
IP Networks and Applications	1 421	1 593	(11)%	1 452	(2)%	2 873	3 027	(5)%
Nokia Technologies	194	219	(11)%	198	(2)%	391	492	(21)%
Group Common and Other	271	254	7%	236	15%	507	457	11%
Gross profit (non-IFRS)	2 202	2 495	(12)%	2 205	0%	4 407	4 759	(7)%
<i>Gross margin % (non-IFRS)</i>	38.8%	39.2%	(40)bps	39.4%	(60)bps	39.1%	38.1%	100bps
Operating profit (non-IFRS)	332	649	(49)%	345	(4)%	677	925	(27)%
Nokia's Networks business	312	511	(39)%	337	(7)%	649	720	(10)%
Ultra Broadband Networks	228	308	(26)%	234	(3)%	462	476	(3)%
IP Networks and Applications	84	203	(59)%	103	(18)%	187	244	(23)%
Nokia Technologies	89	120	(26)%	106	(16)%	195	297	(34)%
Group Common and Other	(68)	18		(99)		(167)	(92)	
<i>Operating margin % (non-IFRS)</i>	5.8%	10.2%	(440)bps	6.2%	(40)bps	6.0%	7.4%	(140)bps

Q2 and January-June 2016 reported results, unless otherwise specified. See note 1 to the interim financial statements for further details(1),(3)

EUR million (except for EPS in EUR)	Q2 16	Nokia standalone historicals(3) Q2 15	YoY change	Q1 16	QoQ change	Q1- Q2 16	Nokia standalone historicals(3) Q1- Q2 15	YoY change
<i>Net Sales - constant currency</i>			93%		2%			89%
Net sales	5 583	2 919	91%	5 499	2%	11 082	5 854	89%
Nokia's Networks business	5 228	2 729	92%	5 181	1%	10 409	5 400	93%
Ultra Broadband Networks	3 807	2 440	56%	3 729	2%	7 535	4 795	57%
IP Networks and Applications	1 421	289	392%	1 452				