

# Nokia says telecoms gear market tough, but outpacing Ericsson

REUTERS, Barcelona/Helsinki  
Nokia said on Tuesday it was outperforming arch-rival Ericsson in a weak telecoms equipment market, but its shares fell as its dividend plans and profitability forecasts missed analysts' expectations.

Telecoms network suppliers are struggling after demand for 4G mobile broadband equipment peaked last year, with upgrades to next-generation 5G equipment still years away.

Nokia, which bought rival Alcatel-Lucent this year in a bid to cope, forecast at an investor meeting in Barcelona that its network equipment sales were likely to fall around 2 percent next year, in line with the broader market, and return to modest growth in 2018.

It also predicted demand for network equipment among telecoms operators would grow on a compound annual basis by just 1.2 percent from 2016-2021.

The Finnish company said the market was the toughest it had been for years but that it was faring better than bigger rival Ericsson, which in recent months has issued a dramatic profit warning and replaced its chief executive. "Nokia is not

Ericsson. They are in crisis. We outperformed them in every area," Chief Executive Rajevee Suri said.

With growth expected to be subdued through the end of the decade, Nokia is looking to keep investors on board with tight cost control, investments in new technology and returns to shareholders.

Some analysts, however, were disappointed by Nokia's dividend and profitability targets, and its shares fell as much as 7.7 percent to a three-year low of 3.658 euros.

"People were hoping for better," Societe Generale analyst Alexander Peterc said, noting Nokia had pared back share buybacks and planned to increase its dividend only modestly. "All these measures point to a company being highly focused on cash-conservation," he said. Peterc recently joined SocGen and has no formal rating on Nokia shares.

Network equipment firms are also trying to entice investors with visions of future growth from 5G networks, which could start as early as 2018 but are only expected to go mainstream after 2020. Ericsson, Nokia and China's Huawei account for 90 percent of mobile network gear sales, but face growing competition from other network and

software players.

Ericsson released a new market forecast on Tuesday, predicting global mobile phone subscriptions would nearly double to 6.8 billion six years out, from 3.9 billion this year.

It said it now expected 5G mobile subscribers to reach 550 million by 2022, three-and-a-half times higher than its previous estimate of 150 million forecast for 2021.

Nokia said cost cuts would help to boost its network unit's operating margin to 8-10 percent in 2017 from an estimated 7-9 percent in 2016, and to 10-15 percent in the long-term. It also said it planned a dividend of 0.17 euros per share for 2016.

Analysts polled by Reuters last month had expected a 2017 margin of 10.5 percent and a dividend of 0.20 euros.

Buying Franco-American Alcatel-Lucent expanded Nokia's business in fixed-line telecoms equipment and optical networks, which some analysts say has helped it to outpace Ericsson.

But Nokia on Tuesday lifted its estimate for restructuring charges from Alcatel's integration by 500 million euros to about 1.7 billion euros. It is axing thousands of jobs

as it seeks to cut 1.2 billion euros of annual costs by 2018.

Setting out its forecasts, Nokia said it expected the network equipment market to decline in Europe, China and Latin America next year, while remaining flat in North America, Middle East, Africa and Asia, outside of China. "The mobile network market is (in) the toughest shape it has been in my lifetime," Chief Financial Officer Timo Ihamuotila told investors.

Nokia forecast the network gear market would return to modest growth in 2018 fueled by a rebound in several regions, although demand would remain flat in Europe and fall over the next five years in Greater China.

It said upside to its forecasts could come from new customers beyond telecoms operators, including big Internet players, automakers and industrial Internet companies. In the near term, it also sees fresh growth from equipping police and other emergency services with new 4G voice and video equipment.

Once known for its mobile phones, Nokia sold the handset business to Microsoft in 2014, leaving it with the networks business and a portfolio of technology patents.



Uttara Bank Managing Director Mohammed Rabiul Hossain attends the branch managers' conference of the bank of Barisal area, at Hotel Grand Park in Barisal. Executive General Manager Md Reaz Hasan, Deputy General Managers Md Omar Faruque and Md Rabiul Hasan were also present.



Kazi Masihur Rahman, managing director of Mercantile Bank, and NKA Mobin, managing director of Emerging Credit Rating Ltd, exchange the signed documents of a deal at a programme yesterday to carry out entity rating of the bank for financial year 2016, 2017, 2018 and 2019.



Md Ahsan-uz Zaman, managing director of Midland Bank, and James P McDonald, general manager of InterContinental Dhaka, exchange the signed documents of a deal at a programme at the bank's head office in Dhaka on November 14. The Visa credit cardholders of the bank will enjoy special privileges at the Balaka VIP Lounge of Hazrat Shahjalal International Airport.



AKM Saifuddin Ahamed, deputy managing director of Jamuna Bank, opens the Bhola branch of the bank on November 14.

## Yarn maker Shepherd to raise Tk 20cr

FROM PAGE B1  
The BSEC also allowed Jamuna Bank to raise Tk 300 crore by issuing non-convertible coupon bearing subordinated bonds and the fund will be used to fulfil the requirements of tier-II regulatory capital.

The bonds will have a maturity period of seven years.

The face value of the bond, which can be issued to only financial institutions and high net worth individual investors through private placement, will be Tk 10 lakh per unit. In another development, the regulator fined Super Shares and Securities, a stockbroker, Tk 2 lakh for breaching securities rules.

## ICT Division awarded for digital efforts

FROM PAGE B1  
ASOCIO also recognised the government initiatives to offer services with mobile apps and establish the largest government web portal linking 25,000 government offices. ASOCIO represents more than 10,000 ICT companies from 32 countries in the Asia and Oceania regions.

Before the programme, Palak met Myanmar's Communications Minister Thant Maung.

## Record aman yield in the offing

FROM PAGE B1  
Cereal imports are also likely to drop 6 percent to 53 lakh tonnes this fiscal year because of low rice imports on expectation of sufficient local availability and increased import duties. Wheat imports are anticipated to remain close to last year's record of 44 lakh tonnes, FAO said.

## Steel production to jump on big infrastructure projects

FROM PAGE B1  
"We, the major producers, are self-sufficient in billets. But with higher import duties, small producers cannot afford producing billets from scraps."

Aameir Alihussain, managing director of BSRM, Sumon Chowdhury, chairman of RRM Group (Bangladesh), and VR Sharma, group chief executive of Abul Khair Group, also spoke.

## Commlink launches automation software for financial institutions

FROM PAGE B1  
EIMS provides banks with a wide range of services that include automation of the paper-based office to a clean and paperless office by managing a document library.

By using the system, any organisation such as a bank can manage its complete loan application process, he said. It is designed to manage and track all the loan status online, he added. "The software can digitise paper forms easily and quickly, which will reduce cost and time of a banker."

Banks in Bangladesh use costly foreign software to run their operations despite availability of low-cost software developed by local IT firms. Nearly a dozen of banks have been using locally-made software for a decade, but no security concern has arisen so far. Lutfunnisa Saudia Khan, director of Commlink, said EIMS software developed abroad would have cost \$2.5 million (nearly Tk 20 crore), but the locally-built software will be much cheaper.

"We don't need to give any fee to anybody for the software. We have every control over price," she said without disclosing the asking price for the software.

Earlier at the summit, SK Sur Chowdhury, deputy governor of Bangladesh Bank, delivered a speech on the macro-prudential policies for financial stability.

He said macro-prudential policies are used for identifying, monitoring and preventing risks in the financial system that may threaten financial stability.

Chowdhury said the BB has developed a 'central database for large credit' to prepare a corporate 'watch list' and the preparation of a 'systemic risk dashboard' is going on.

The deputy governor also said they are working to bring a dynamic provisioning system in the context of Bangladesh.

Two more prudential supervision tools have already been introduced, he said.

Toufiq Ahmad Choudhury, director general of Bangladesh Institute of Bank Management (BIBM), said Bangladesh should not remain oblivious to cyber threats while adopting modern IT-based payment system. He said the issue of cyber security has recently come to the fore with BB's reserve fund heist and ATM scams.

"The cyber security issue has long been ignored by the banks in Bangladesh, making banking information and critical infrastructures vulnerable to cyber attacks," Choudhury said. He also stressed creating awareness among the end-users about the modern payment system.

IT experts and entrepreneurs from home and abroad will talk on their products, such as automated teller machines (ATMs), online and mobile banking, credit insurance and cross-border payments network with the bankers. More than 50 bankers from Bangladesh have attended the summit; banks had to pay \$700-\$800 for each of their participant in the summit.

Prof Ahsan Habib, director for training at BIBM, also spoke.

## ECB warns of risks of protectionism after Trump win

AFP, Frankfurt Am Main  
European Central Bank vice president Vitor Constancio on Monday warned that the protectionist measures promised by US president-elect Donald Trump risked weakening global growth.

The world economy is currently facing an "abnormal degree of uncertainty" Constancio said at a conference in Frankfurt, adding that the initially favourable reaction on financial markets to Trump's shock victory may be shortlived. "The markets' perception that the US is embarking into a new phase of expansion-

ary budgetary policy has lifted optimism," he said, in a nod to Trump's pledges to cut taxes and boost spending.

"So far, those developments point to a US rise in economic growth, but in the context of an 'America first' policy," he warned, adding that for the rest of the world the "real negative effects" could come later.

Trump was elected last week on an overtly protectionist platform, promising to scrap international trade deals and railing against jobs and factories being sent abroad.

The ECB's Constancio said rising protectionism in the US could translate into a lower demand for imports, harming export nations.

## Bangladesh on the path to GSP Plus with EU

FROM PAGE B1  
A 14-member delegation of the International Trade Committee of the European Parliament, headed by Chairman Bernd Lange, came to Bangladesh to review the compliance status of the garment factories under the Sustainability Compact.

Bangladesh signed the Sustainability Compact with the EU in September 2013 committing to responsible business behaviour.

The delegation will visit some garment factories today to observe the labour rights situation and workplace safety.

"We urged the delegation to give us a unified code of conduct as differ-

ent buyers demand different kinds of codes," Rahman said.

As per rules, Accord and Alliance, the two foreign inspection agencies responsible for fixing structural, fire and electrical flaws in garment factories, are supposed to leave the country by June 2018. So far, 70 percent of the remediation works under Accord and 63 percent under Alliance have been completed, according to the BGMEA president.

BGMEA, the International Labour Organisation and the government will monitor the progress in remediation after the departure of Accord and Alliance.

On the sidelines, a garment

exporter said the Accord is planning to extend its tenure for another three years. "We do not want Accord to stay here after June 2018. If it stays, we will demand inclusion of BGMEA, the government and ILO in the Accord steering committee," the exporter said.

Impressive industrialisation has taken place in Bangladesh and the country has been achieving 6 percent economic growth over the last many years, Lange said at the briefing.

Bangladesh is on the path to becoming a middle-income country; if the country graduates from the LDC status, the trade relations have to be changed, he added.

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**Corrigendum Notice-1: Request for Expressions of Interest**  
"Consultancy Services for Building Code Implementation and Enforcement Strategy" Urban Resilience Unit (URU) Subcomponent C4 (Package No. URP/RAJUK/S-9, IDA Cr. No: 55990)

Corrigendum Notice-1 to the EOJ Notice of Package No. URP/RAJUK/S-7-Phase1 of the captioned consultancy service is hereby modified as follows:

Points of Discussion	Previous	Modified
1. Deadline for Date & Time of Submission of EOJ	(Reference: Clause 10 of EOJ Notice originally published in the newspaper and Corrigendum Notice-1 published in different outlets.)	(Reference: Clause 10 of EOJ Notice published originally in the newspaper and Corrigendum Notice-1 published in different outlets.)
	"Expressions of interest (3 copies) both hard copies and soft copies (Electronic Version) must be delivered to the address below by <b>November 17, 2016</b> within office time (5pm local time). Only Electronic format of EOJ submission will not be	"Expressions of interest (3 copies) both hard copies and soft copies (Electronic Version) must be delivered to the address below by <b>December 22, 2016</b> within office time (5pm local time). Only Electronic format of EOJ

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