

Nokia posts euro349 million profit in Q1

April 22 2010, By MATTI HUUHTANEN , Associated Press Writer

(AP) -- Nokia Corp.'s first-quarter net profit surged to euro349 million (\$467 million) from euro122 million a year earlier, with strong growth in smart phone sales and 3 percent growth in total revenue, the company said Thursday.

But its share price plunged 14 percent to euro9.66 (\$12.92) in Helsinki as markets had expected a better performance and a more upbeat forecast.

The world's top [mobile phone maker](#) reported net sales of euro9.5 billion in the January to March period compared with euro9.3 billion a year earlier, when sales plunged 27 percent in the middle of a recession.

CEO Olli-Pekka Kallasvuo warned of strong competition from rivals.

"We continue to face tough competition with respect to the high end of our mobile device portfolio, as well as challenging market conditions on the infrastructure side," Kallasvuo said.

Nokia's networks operations - [Nokia Siemens Networks](#) - continued to perform poorly, with sales falling nine percent in the quarter to euro2.7 billion.

The Finland-based company said handset sales grew 8 percent in the period, to euro6.7 billion, compared to 2009, but said it expects very little or no increase in the second quarter.

Nokia maintained its forecast that the [mobile industry](#) will grow by some 10 percent this year as it emerges from the global downturn but again repeated its prediction that its own market share will not grow. Its share in the period was 33 percent, up from 32 percent a year ago, but down from 35 percent in the last quarter of last year.

Nokia's smart phone sales showed greatest growth, of 42 percent in [Latin America](#) and 30 percent in China, but continued to fall - by 27 percent - in the troubled North American market ruled by strong rivals RIM's Blackberry and [iPhone](#).

Despite an increase in first-quarter sales of [smart phones](#) compared to 2009, Nokia's sales in the sector fell 19 percent compared to the last quarter of 2009. Sales dropped 31 percent in Europe in the period.

Neil Mawston, from Strategy Analytics said that although Nokia's volume sales were "quite good and slightly above the average, the real downside was the value."

He also warned of stiff competition.

"There are signs that competition is increasing, not just in the high end but also at the low end, so Nokia is caught in a pincer movement with the Asians at the low end and the Americans at the high end," Mawston said.

Nokia said it sold 108 million handsets in the quarter, up 16 percent on 2009, with smart phone sales surging 57 percent to 21.5 million units.

Nokia conceded that it has been hit by flight restrictions in Europe caused by the Icelandic volcanic ash cloud over the region but said that "the impact on our business is not quantifiable at this stage."

However, it added that it is was taking measures "to mitigate the impact ... including adjusting our logistics operation to help ensure component availability and product deliveries to customers."

It gave no details.

Nokia has been the top handset maker since 1998 and has gradually expanded to include online services, such as downloads of music, games, maps and the fast transfer of photos and video in a global online market it estimates will reach euro100 billion by 2010 with 300 million active users of its services.

In January, Nokia began providing free navigation services for users of its smart phones and hopes to double the number of GPS navigation users to 50 million worldwide, giving it an added edge over rivals.

Kallasvuo described the response to the navigation service as "tremendous," saying that since the launch 10 million Nokia users have downloaded the offering.

[Nokia](#), based in Espoo near Helsinki, employs some 126,000 people worldwide.

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