

Nokia's market share falls below 30 percent

April 21 2011, By MATTI HUUHTANEN , Associated Press

Nokia Corp. reported better than expected first-quarter profits Thursday but its global market share dropped to below 30 percent for the first time in over a decade as the world's top cellphone maker continued to lose ground to rivals.

The Finnish company's [net profit](#) in January through March fell euro5 million to euro344 million (\$499 million) from a year earlier. Revenue grew 9 percent to euro10.40 billion.

The company's share price climbed several percent as markets had anticipated a greater fall in profits and lower sales, but closed almost unchanged at euro5.96 (\$8.65) on the Helsinki Stock Exchange.

The Finnish company has faced stiff competition in recent years in the high-end sector, particularly from Apple Inc.'s [iPhone](#), Android-based handsets and Research in Motion's Blackberry.

Nokia sold 24 million smartphones in the period, 13 percent more than in 2010, but its [market share](#) for the devices plunged to 24 percent from 39 percent a year earlier, according to Strategy Analytics market research.

The company's overall global market share also fell - to 29 percent, its lowest level since the late 1990s. A year ago its total market share was 33 percent and 31 percent in the previous quarter.

Nokia sold 108.5 million devices in the first quarter, above the Strategy

Analytics estimate of 105 million, and the average selling price of its handsets continued its growth to euro65, from euro62 a year earlier, indicating it is selling more top, expensive models.

"Volumes were better than expected and pricing was stronger," said Neil Mawston, an analyst at Strategy Analytics . "But it's clear that competition is still tough."

Mawston said Nokia can expect "bumpy revenues and profits for the next couple of quarters," as its recently announced linkup with Microsoft Corp. comes onstream.

CEO Stephen Elop said Nokia has now signed a "definitive" deal with Microsoft Corp. to develop software for smartphones "and that product design and engineering work was "well under way."

The partnership, first announced in February, will make [Windows Phone](#) software the main platform used in the Finnish company's smartphones

Elop did not say when the Nokia Windows phone would be launched. But he said that "devices that take advantage of the Windows phone platform will be shipping in volumes in 2012, and there is pressure

"In recognition of the unique nature of Nokia's agreement with Microsoft and the contributions that Nokia is providing, Nokia will receive payments measured in the billions of dollars," Nokia said.

Elop did not say when the Nokia Windows phone would be launched, but added that "devices that take advantage of the Windows phone platform will be shipping in volumes in 2012."

Describing the first quarter as "remarkable," he said the company will face "a more challenging second quarter," as it goes through a

restructuring period with [Microsoft](#).

Nokia said the tsunami and earthquake in Japan had disrupted the supply of some components linked to Japanese suppliers and would impact its results in the second quarter.

Facing fierce competition, Nokia has lost its position as the industry's innovative leader and the company's stock dipped to a 13-year low of euro5.60 in March.

At the end of last year its Symbian platform was surpassed by Android as the world's No. 1 smartphone software, according to Canalys research firm.

On Thursday, Strategy Analytics said Apple had overtaken Nokia in the first quarter to become the world's largest handset vendor in revenue terms, selling a record 18.6 million iPhones.

[Nokia](#), an Espoo-based company near Helsinki, employs 132,500 people.

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