

Nokia Q2 sales fall by 24 pct, misses expectations

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A Monday, Feb. 25, 2013 photo from files showing Stephen Elop, chief executive officer of Nokia speaking during a conference at the Mobile World Congress, the world's largest mobile phone trade show, in Barcelona, Spain. Struggling Nokia Corp. on Thursday said its sales continued to drop in the second quarter, while it managed to reduce its net loss amid continued cost-cuts. The Finnish cellphone maker said second-quarter sales fell to 5.7 billion euros (\$7.49 billion) from 7.5 billion euros in the same period last year. Net loss for the April-June period was 227 million euros, compared to a net loss of 1.41 billion euros a year earlier. (AP Photo/Manu Fernandez, File)

(AP)—The sales decline at struggling cellphone maker Nokia Corp. continues with revenues dropping almost a quarter between April and June compared with the same time last year, the company announced Thursday.

The Finnish company's second-quarter sales declined to 5.7 billion euros (\$7.49 billion) from 7.5 billion euros in the same period last year. Nonetheless, Nokia's cost-cutting program helped it trim net loss to 227 million euros, compared with a net loss of 1.41 billion euros a year earlier.

The sales figures fell short of analysts' expectations—a poll of 30 analysts by SIX News had forecast sales of 6.4 billion euros. The company's share price was 3.5 percent lower at 2.99 euros in early afternoon trading on the Helsinki Stock Exchange.

The company said it would continue to reduce costs and may cut up to 440 jobs globally in its mobile phones business.

Nokia, a former industry leader, lost its [dominant position](#) in the smartphone market when phones using its old Symbian smartphone operating system failed to keep up with the likes of Apple's iPhone and handsets that use Google's Android software. The company had hoped to remedy that by teaming up with Microsoft in 2011 to work on a range of Lumia phones based on the Windows operating system.

Sales of the Lumia phones in the second quarter increased by 32 percent compared with the first three months of the year to 7.4 million handsets—but this was still at the lower end of analysts' expectations.



A Thursday, July 11, 2013 photo from files showing Nokia CEO Stephen Elop displaying his company's Nokia Lumia 1020, in New York. Struggling Nokia Corp. on Thursday said its sales continued to drop in the second quarter, while it managed to reduce its net loss amid continued cost-cuts. The Finnish cellphone maker said second-quarter sales fell to 5.7 billion euros (\$7.49 billion) from 7.5 billion euros in the same period last year. Net loss for the April-June period was 227 million euros, compared to a net loss of 1.41 billion euros a year earlier. (AP Photo/Richard Drew, File)

The company's total handset sales, which include the no-thrills "feature" phones popular in developing markets, were down 27 percent on the same quarter last year at 61.1 million units.

Greger Johansson, an analyst with research firm Redeye in Stockholm, said he was worried about the rapid sales decline of the feature phones, adding that the company has to keep launching new Lumia models at a

rapid pace to keep up client interest in the Windows phones.

Nokia "has a few more quarters to make it. They are now more or less breaking even, that's a good starting point," he said.

"The company has to keep on releasing new, very attractive products to catch market share from Samsung and Apple. I think Nokia still does have pretty good chance of doing that."

Nokia said its devices and services sales in the world's largest devices market, China, fell by 57 percent to 232 million euros while sales in North America—the frontline of the smartphone market—dropped by 4 percent to 123 million euros.

Still, Nokia CEO Stephen Elop said the mobile phones business unit started to demonstrate "some signs of recovery in the latter part of the second quarter following a difficult start to the year."

He said the Lumia 520 has "enjoyed a strong start in markets like China, France, India, Thailand, the UK, the US and Vietnam."

Sales by the company's network division, Nokia Siemens Networks, fell by 17 percent to 2.8 billion euros.

Nokia earlier this month announced its intention to purchase Siemens' half of the 2007 joint venture, in a move to help bolster its struggling smartphone division. On Thursday it said it expects to cut the annual operating costs in Nokia Siemens by 1.5 billion euros at the end of 2013, compared with the end of 2011. It had previously forecast to cut costs by 1 billion euros.

Elop said Nokia Siemens Networks "continued to deliver well against its focused strategy," adding he looks forward to strengthening the division

as "a more independent entity."

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