

Nokia sees handset market growing 10 pct in 2010

MATTI HUUHTANEN - Associated Press Writer - Associated Press

Nokia Corp. said Wednesday it expects the global mobile phone market to grow by 10 percent in 2010, suggesting the industry is recovering from a global recession that has also hit handset sales.

However, the world's largest cell phone maker cautioned that its own market share volume, currently at some 38 percent, would be "flat" next year, but added that it expects the value of its market share to be up "slightly."

Nokia said it is targeting revenue of euro2 billion (\$3 billion) in 2010, with operating margins of 12-14 percent.

Shares in the Finnish company were down slightly at euro8.86 (\$13.36) in afternoon trading in Helsinki.

Nokia is increasingly turning to providing services for users, such as music and video downloads, navigational maps and games, and said that by the end of 2011 it will have some 300 million "active users of its services."

Nokia, which in October reported its first quarterly loss since it became the world's biggest handset maker in 1998, said it would focus on smart phones, based on "user experience improvements," to help it boost performance.

CEO Olli-Pekka Kallasvuo said progress in the company's Symbian interface operating system would help it "capture new growth" and make smart phones more affordable for emerging markets.

"As an operating system, Symbian has reach and flexibility like no other platform, and we have measures in place to push smart phones down to new price points globally," Kallasvuo told investors. "I see great opportunity for Nokia to capture new growth in our industry by creating what we expect to be the world's biggest platform for services on the mobile."

Nokia said that it aims to halt the decline in the average selling price of its handsets, that has been steadily falling since 2004 and hit euro62 (\$93) in the last quarter — down from more than euro100 five years ago.

Nokia's Chief Financial Officer Timo Ihamuotila also said the mobile sector was showing signs of a pickup.

"The overall mobile devices market is stabilizing and it is growing more in the areas where Nokia has competitive advantages," Ihamuotila said. "We believe that by

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executing on the operational priorities we have set, Nokia will be competitive in both mobile phones and smart phones and will improve its value share."

The Espoo-based company maintained its No. 1 position in global mobile phone sales in the last quarter with a 38 percent market share and sales of 108.5 million handsets. It has said it expects no growth in the fourth quarter.

A household name in Asia and Europe, Nokia is a smaller player in the United States, where its smart phones face tough competition from Apple Inc. and Research in Motion Ltd., the makers of the iPhone and BlackBerry.

Kallasvuo said he wants to change that.

"There is no doubt the center of mobile innovation has shifted from Europe to Silicon Valley. We are working to tap into this innovation," Kallasvuo said, adding that the company has installed more than 3,300 employees in North America.

Nokia, which introduced four new touch-screen handsets in the current quarter, also has unveiled a new netbook and handsets that boast more music features and mesh better with Facebook.

Last year, the Espoo-based company sold 468 million handsets, up 7 percent on 2007. Nokia employs 123,350 people worldwide.

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