

Nokia cuts losses but sales continue to plummet

MATTI HUUHTANEN - Associated Press - Associated Press

Nokia continues to take a hammering in the smartphone market, with sales for the handset maker falling by 20 percent in the first three months of the year.

Although the Finland-based company managed to reduce its first-quarter net loss to 272 million euros (\$357 million) from a loss of 928 million euros a year earlier, mainly thanks to cost cutting, net revenue dropped to 5.8 billion euros from 7.4 billion euros in the same period last year.

Mobile phone sales volumes fell across the globe — especially in China which saw a 60 percent drop. Sales of smartphone devices dropped 32 percent globally to 1.1 billion euros.

Nokia, the former bellwether of the industry, lost its dominant position in the smartphone market when its Symbian operating system failed to keep up with the likes of Apple and handsets using Google's Android software. The company had hoped to remedy that by teaming up with Microsoft, launching several Lumia phones based on the Windows operating system.

Although sales of Lumia phones grew 27 percent in the first quarter, total figures for mobile phones dropped by more than 30 percent to 1.59 billion euros.

The company is also being squeezed in the low-end "feature phone" market by Asian manufacturers making cheaper phones, such as China's ZTE.

Analysts say the company still has a long way to go to boost its smartphone market share.

"It can't seem to grow its market share in smartphones, but it has stabilized a little bit but still some way from recovering," Neil Mawston from Strategy Analytics in London said.

"The window of opportunity for recovery for Nokia is not as wide as it once was. Their Symbian volumes have collapsed and Microsoft volumes are not rising fast enough to offset that."

CEO Stephen Elop said he was pleased that Nokia "achieved underlying operating profitability for the third quarter in a row" but conceded that the company faced a "difficult competitive environment" in mobile phones.

"We are taking tactical actions and bringing new innovation to market to address our challenges," he added but did not elaborate.

Despite the bad quarterly figures, Mawston said Nokia still remains the No. 2 phone

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maker worldwide.

"They are still a major player in the market. There is still an opportunity for recovery there. It only takes one killer device to rebound in this fast-moving market and they can be back in the game," he said.

"Nokia is struggling but it can rebound."

Nokia's share price plunged by more than 10 percent following the earnings announcement Thursday but rallied slightly in afternoon trading, falling 4 percent to 2.53 euros.

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