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Nokia Said to Near Sale of Vertu Luxury-Phone Unit to EQT

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[Nokia Oyj \(NOK1V\)](#) is nearing a deal to sell its Vertu luxury-phone unit to Swedish private-equity firm EQT Partners AB as it divests assets as part of a turnaround plan, according to two people with knowledge of the matter.

The transaction values Vertu at about 200 million euros (\$250 million), said one of the people, declining to be identified as the talks are private. A deal could be announced as soon as this week, another person said. Church Crookham, England-based Vertu is known for its jewel-bedecked mobile phones that sell for an average price of more than 5,000 euros.

Nokia is selling assets as Chief Executive Officer Stephen Elop seeks to revive a mobile-phone business that's been devastated by competition from devices running software from [Google Inc. \(GOOG\)](#) and [Apple Inc. \(AAPL\)](#). The Espoo, Finland-based company is betting on a software partnership with [Microsoft Corp. \(MSFT\)](#) to rebuild its cachet in the critical North American market, where it has struck deals with carriers [AT&T Inc. \(T\)](#) and T-Mobile USA to sell its flagship Lumia smartphone.

"Vertu is a bet on a very specific, niche market, though it's a niche that's growing," said Francisco Jeronimo, an analyst at researcher IDC in London. Its new owner will face the challenge of modernizing Vertu devices' technology, which has until now been largely based on Nokia's obsolete Symbian operating system, to compete with devices like Apple's iPhone, he said.

Multilingual Hotline

Representatives at Nokia, EQT and Vertu declined to comment.

Vertu, started by Nokia's then-chief designer Frank Nuovo in 1998, is the dominant player in the luxury-phone sector, with about 60 percent of the Western European market in 2010, according to IDC.

The unit has sought to stand apart from rival offerings like [Research In Motion Inc. \(RIMM\)](#)'s Porsche-branded BlackBerry devices with its "concierge" service, a 24-hour, multilingual hotline that assists clients with requests ranging from restaurant reservations to sourcing esoteric gifts.

Luxury phones have been a rare bright spot for Nokia, whose shares have declined almost 40 percent this year, the worst performance in the 27-company [Stoxx 600 Technology Index \(SX8P\)](#), which was up 0.8 percent. The shares rose 0.2 percent to 2.26 euros in Helsinki today, valuing the former global handset leader at about 8.5 billion euros.

Rodeo Drive

Vertu, which doesn't disclose its earnings publicly, saw "high double-digit sales growth" in 2010 and 2011, driven largely by demand from [emerging markets](#) in Asia and the Middle East, President Perry Oosting said in September. The unit operates more than 80 retail stores in locales like [Beverly Hills](#)' Rodeo Drive and Paris's Rue Royale.

The Vertu deal would be Stockholm-based EQT's second acquisition this month. The buyout firm yesterday announced the purchase of BSN Medical that values the German bandage supplier at 1.8 billion euros. EQT, which is partly owned by Sweden's Wallenberg family, in October raised 4.75 billion euros from investors for a new buyout fund focused on Northern and Eastern Europe.

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