

Nokia shares jump despite quadrupling losses

Nokia losses quadrupled as smartphone sales slumped but investors had feared worse.



Nokia had pinned its hopes of a turnaround to the launch of its Lumia range of smartphones, based on Microsoft's Windows operating system Photo: Reuters

By Katherine Rushton, Media, telecoms and technology editor

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Struggling mobile phone company Nokia saw its losses quadruple in the last quarter, but shares still surged on hopes of a revival.

The Finnish firm, which until recently ranked as the biggest handset manufacturer in the world, posted a net loss of €1.41bn (£893.8m), compared with €368m in the same period last year as sales of its handsets slowed.

It had pinned its hopes of a turnaround to the launch of its Lumia range of smartphones, based on Microsoft's Windows operating system. However, smartphone sales dropped by just over a third to €1.54bn in the three months to the end of June, dragging overall handset revenues down by 19pc to €7.54bn.

Even so, they surpassed analysts' forecasts prompting shares in Nokia to jump more than 17pc to €1.60 in afternoon trading. Analysts and investors said Nokia's trade in lower-end devices was

holding up better than had been expected.

It shipped 84m basic handsets during the period, compared with forecasts of around 80m.

Nokia used to dominate the mobile phone market with its ubiquitous and robust mobile phones, but has failed to keep pace with competition from Apple's iPhone and various devices based on Google's Android operating system.

Its market share has fallen from a peak of 40pc in 2008 to just shy of 30pc last year. Its share price has dropped from a high of €27.74 over the same period.

Earlier this year, Nokia's chief executive Stephen Elop and its former chairman Jorma Ollila both acknowledged that the company has made mistakes, with Mr Ollila claiming it had been too slow to launch smartphones altogether.

However, mobile experts said it was too early to write the firm off just yet.

“Despite the gloomy outlook and these results, we believe Nokia continues on the right track,” said Francisco Jeronimo, an analyst at IDC. “The company took a long-term strategy, compromising short-term results. The clock is ticking, however, and if sales don't wake up, Nokia and Stephen Elop will have to come up with a magical plan.”

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