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### Nokia shares fall despite higher Lumia sales

**Shares of Nokia have fallen 13% after higher sales of its Lumia smartphones failed to offset a decline in its mobile phone unit in the first quarter.**

In its earnings report, the Finnish firm said sales of Lumia handsets rose 27% in the first quarter of 2013, but that total sales of mobile phones fell 30% to 1.59bn euros.

Revenue fell 20% to 5.85bn euros, down from 7.35bn euros a year earlier.

Nokia is trying to catch up with rival smartphone makers Apple and Samsung.

The company reported a 339m-euro (£290m) loss in the January-March period, down from a loss of 1.57bn euros last year.

In the first quarter of this year, Nokia shipped 55.8 million handsets. It sold a total of 11.1 million smartphones including 5.6 million Lumia phones, 500,000 Symbian units and five million units of its entry-level Asha phones, which fell 46%.

"The shortfall is in the cheaper mobile phone side, where both volumes and average selling prices came lower than expected. That is of course a bit worrying, since that has been their bread and butter business in the Devices and Services unit," said Hakan Wranne, analyst at Swedbank.

"I think we will see the market's profit estimates for 2014 come down," he added.

The only bright spot in the report was Nokia's Lumia smartphone range, for which the company expects to see more demand in coming quarters.

The Lumia uses Microsoft Windows software, after Nokia abandoned its own operating system two years ago.

"Six million Lumias is quite promising," said Francisco Jeronimo, research manager at IDC, a tech research firm.

"They are on a right track and we can see a much better year for Nokia smartphones. They are far from volumes of Samsung and Apple, but that is not where Nokia is trying to compete now. Nokia is trying to go for the mass market.

"They are trying to compete on the segment where consumers are moving from feature phones to smartphones, but they want cheap smartphones."

In other areas of the company, its telecoms equipment venture, Nokia Siemens Networks, reported a fall in sales.

"We have areas where we are making progress and areas where we are further increasing the focus," said Nokia chief executive Stephen Elop, who was hired in 2010 to revive the company.

"For example, people are responding positively to the Lumia portfolio and our volumes are increasing quarter over quarter.

"On the other hand, our mobile phones business faces a difficult competitive environment, and we are taking tactical actions and bringing new innovation to market to address our challenges," he added.

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