



Parmy Olson, Forbes Staff

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Nokia Posts Another Quarterly Loss As It Hangs On To Cash

[Nokia](#), the phone giant that staked its future on a partnership with [Microsoft](#), offered its investors small comfort on Thursday with some quarterly result they could squeeze some good news out of. There was a narrower-than-expected loss of 1.4 billion euros (\$1.7 billion) or 0.08 euros per share, and Nokia managed to cling on to its cash pile. The Finnish company's cash at the end of the second quarter stood at 4.2 billion euros, higher than the 3.8 billion euros expected by analysts.

Its feature phones, which are a hit in emerging markets and represent 60% of total global shipments, also did better than expected according to IDC analyst Francisco Jeronimo.

And so some respite for Nokia's shares: they ticked up by 11.5% to \$1.93 in opening trading in [New York](#), though they are down 60% in the year to date.

Chief Executive Stephen Elop said it had been a "difficult quarter," but his employees were "demonstrating their determination to strengthen our competitiveness."

Nokia's long term prospects as a global vendor of smartphones look tenuous. Smartphone sales overall dropped by more than a third to 1.54 billion euros, and the company posted a write-off of 220 million euros on unsold smartphones. Sales were particularly disappointing in the United States, where Nokia sold 600,000 smartphones in the second quarter, compared to 1.5 million in the quarter year before. Unit sales for its devices and services business in the U.S. declined by 60%, year on year. Earlier this week it halved the price of its latest, Lumia 900 Windows phone in the States to \$49.99 with a two-year [AT&T](#) contract; Nokia is no doubt hoping that will improve sales in the third quarter, even at the expense of its margins.

Overall, the company's sales fell by 19% to 7.5 billion euros. This marked Nokia's second consecutive quarter of losses.

Elop has been trying to improve Nokia's fortunes by [cutting thousands of jobs](#)



Nokia CEO Stephen Elop holding the Nokia Lumia 800 smartphone. (Image credit: AFP/Getty Images via @daylife)

and streamlining operations. One of the company's biggest weaknesses till now has a corporate culture that failed to bring innovative products to market, in spite of Nokia spending \$40 billion on research and development over the last decade, according to [the Wall Street Journal](#).

Frank Nuovo, a former designer at Nokia, recently told the Journal that Nokia had prototypes which anticipated the iPhone and tablet computers like the iPad well before [Apple](#) brought either product to market. None of these ideas came to fruition, and part of the problem was the company's slow-moving corporate culture. Nokia's current designers have [kept their ambitions modest](#) in the meanwhile, focusing on product features such as a single-color polycarbonate body and simplicity.

Some analysts say investors can still believe in Nokia. Ovum analyst Nick Dillon said there was still a "glimmer of hope," since Nokia had doubled sales of its Lumia device since the last quarter, to 4 million units, and "if it can maintain this moment then it could be on the road to recovery."

IDC's Jeronimo agreed: "Overall, despite the gloomy outlook and these results, we believe Nokia continues [to be] on the right track. The company took a long-term strategy, compromising short-term results. The clock is ticking, however, and if sales don't wake up from the fourth quarter this year, Nokia and Stephen Elop will have to come up with a magical plan."

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