

NOKIA CORP
Form 6-K
April 21, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a -16 or 15d -16 of

the Securities Exchange Act of 1934

Report on Form 6-K dated April 21, 2011

(Commission File No. 1-13202)

Nokia Corporation

Nokia House

Keilalahdentie 4

02150 Espoo

Finland

(Name and address of registrant's principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F: ☒ **Form 40-F:** ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

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Yes: ☐ No: ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes: ☐ No: ☒

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes: ☐ No: ☒

Enclosures:

Nokia stock exchange release dated April 21, 2011: Nokia Q1 2011 net sales EUR 10.4 billion, non-IFRS EPS EUR 0.13 (reported EPS EUR 0.09)

INTERIM REPORT

Nokia Corporation

April 21, 2011 at 13:00 (CET +1)

Nokia Q1 2011 net sales EUR 10.4 billion, non-IFRS EPS EUR 0.13 (reported EPS EUR 0.09)

- 9.8% Devices & Services non-IFRS operating margin at top end of outlook range
- Microsoft definitive agreement signed
- Shifting from developing strategy to executing strategy

Non-IFRS first quarter 2011 results(1)

EUR million	Q1/2011	Q1/2010	YoY Change	Q4/2010	QoQ Change
Net sales	10 400	9 522	9%	12 653	-18%
Devices & Services	7 088	6 663	6%	8 501	-17%
NAVTEQ	232	189	23%	309	-25%
Nokia Siemens Networks	3 171	2 718	17%	3 961	-20%
Operating profit	704	820	-14%	1090	-35%
Devices & Services	694	804	-14%	961	-28%
NAVTEQ	54	41	32%	100	-46%
Nokia Siemens Networks	3	15	-80%	145	-98%
Operating margin	6.8%	8.6%		8.6%	
Devices & Services	9.8%	12.1%		11.3%	
NAVTEQ	23.3%	21.7%		32.4%	
Nokia Siemens Networks	0.1%	0.6%		3.7%	
EPS, EUR Diluted	0.13	0.14	-7%	0.22	-41%

Reported first quarter 2011 results

EUR million	Q1/2011	Q1/2010	YoY Change	Q4/2010	QoQ Change
Net sales	10 399	9 522	9%	12 651	-18%
Devices & Services	7 087	6 663	6%	8 499	-17%
NAVTEQ	232	189	23%	309	-25%
Nokia Siemens Networks	3 171	2 718	17%	3 961	-20%
Operating profit	439	488	-10%	884	-50%
Devices & Services	690	831	-17%	1 018	-32%
NAVTEQ	-62	-77		-19	
Nokia Siemens Networks	-142	-226		1	
Operating margin	4.2%	5.1%		7.0%	
Devices & Services	9.7%	12.5%		12.0%	
NAVTEQ	-26.7%	-40.7%		-6.1%	
Nokia Siemens Networks	-4.5%	-8.3%		0.0%	

EPS, EUR Diluted	0.09	0.09	0%	0.20	-55%
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Note 1 relating to non-IFRS results: *Non-IFRS results exclude special items for all periods. In addition, non-IFRS results exclude intangible asset amortization, other purchase price accounting related items and inventory value adjustments arising from i) the formation of Nokia Siemens Networks and ii) all business acquisitions completed after June 30, 2008. More specific information about the exclusions from the non-IFRS results may be found in our complete interim report with tables for the first quarter 2011 on pages 3-4, 15-17 and 19.*

Nokia believes that these non-IFRS financial measures provide meaningful supplemental information to both management and investors regarding Nokia's performance by excluding the above-described items that may not be indicative of Nokia's business operating results. These non-IFRS financial measures should not be viewed in isolation or as substitutes to the equivalent IFRS measure(s), but should be used in conjunction with the most directly comparable IFRS measure(s) in the reported results. A reconciliation of the non-IFRS results to our reported results for Q1 2011 and Q1 2010 can be found in the tables on pages 13 and 15-19 of our complete interim report with tables. A reconciliation of our Q4 2010 non-IFRS results can be found on pages 11-12 and 14-18 of our complete Q4 2010 interim report with tables which was published on January 27, 2011.

FIRST QUARTER 2011 HIGHLIGHTS

- Nokia net sales of EUR 10.4 billion in Q1 2011, up 9% year-on-year and down 18% sequentially (up 4% and down 18% at constant currency).
- Devices & Services net sales of EUR 7.1 billion in Q1 2011, up 6% year-on-year and down 17% sequentially (up 1% and down 16% at constant currency).

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- Services net sales of EUR 211 million in Q1 2011, up 43% year-on-year and 5% sequentially; billings of EUR 338 million, up 48% year-on-year and down 4% sequentially.
- Nokia total mobile device volumes of 108.5 million units in Q1 2011, up 1% year-on-year and down 12% sequentially.
- Nokia converged mobile device (smartphone and mobile computer) volumes of 24.2 million units in Q1 2011, up 13% year-on-year and down 14% sequentially.
- Nokia mobile device ASP (including services revenue) of EUR 65 in Q1 2011, up from EUR 62 in Q1 2010 and down from EUR 69 in Q4 2010.
- Devices & Services gross margin of 29.1% in Q1 2011, down from 32.4% in Q1 2010 and 29.2% in Q4 2010.
- Devices & Services non-IFRS operating margin of 9.8% in Q1 2011, down from 12.1% in Q1 2010 and 11.3% in Q4 2010.
- NAVTEQ net sales of EUR 232 million in Q1 2011, up 23% year-on-year and down 25% sequentially (up 20% and down 26% at constant currency).
- Nokia Siemens Networks net sales of EUR 3.2 billion in Q1 2011, up 17% year-on-year and down 20% sequentially (up 15% and down 21% at constant currency).
- Nokia Siemens Networks non-IFRS operating margin of 0.1% in Q1 2011, down from 0.6% in Q1 2010 and 3.7% in Q4 2010.
- Nokia operating cash flow of negative EUR 173 million and cash generated from operations of EUR 182 million in Q1 2011.
- Total cash and other liquid assets of EUR 11.1 billion and net cash and other liquid assets of EUR 6.4 billion at the end of Q1 2011.
- Nokia taxes continued to be unfavorably impacted by Nokia Siemens Networks taxes as no tax benefits are recognized for certain Nokia Siemens Networks deferred tax items. In Q1, this was partially offset by favorable profit mix both in Devices & Services and in Nokia Siemens Networks taxes. If Nokia's estimated long-term tax rate of 26% had been applied, non-IFRS Nokia EPS would have been approximately 0.4 Euro cents higher in Q1 2011.

STEPHEN ELOP, NOKIA CEO:

In the first quarter, we shifted from defining our strategy to executing our strategy. On this front, I am pleased to report that we signed our definitive agreement with Microsoft and already our product design and engineering work is well under way.

Following a solid first quarter, we expect a more challenging second quarter. However, we are encouraged by our roadmap of mobile phones and Symbian smartphones, which we will ship through the balance of the year. We are fully focused on delivering the needed accountability, speed and results to positively drive our future financial performance.

NOKIA OUTLOOK

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- Nokia expects Devices & Services net sales to be between EUR 6.1 billion and EUR 6.6 billion in the second quarter 2011.
- Nokia expects its non-IFRS operating margin in Devices & Services to be between 6% and 9% in the second quarter 2011.
- Nokia targets its net sales in Devices & Services to be at approximately the same level in the third quarter 2011 as in the second quarter 2011, and targets its net sales in Devices & Services to be seasonally higher in the fourth quarter 2011, compared to the third quarter 2011.
- Nokia targets its non-IFRS operating margin in Devices & Services to be between 6% and 9% in 2011.
- Nokia targets to reduce Devices & Services non-IFRS operating expenses by EUR 1 billion for the full year 2013, compared to the full year 2010 Devices & Services non-IFRS operating expenses of EUR 5.65 billion.
- Nokia and Nokia Siemens Networks expect Nokia Siemens Networks net sales to be between EUR 3.2 billion and EUR 3.5 billion in the second quarter 2011.
- Nokia and Nokia Siemens Networks expect the non-IFRS operating margin in Nokia Siemens Networks to be between 1% and 4% in the second quarter 2011.
- Nokia and Nokia Siemens Networks continue to target Nokia Siemens Networks net sales to grow faster than the market in 2011.
- Nokia and Nokia Siemens Networks continue to target Nokia Siemens Networks non-IFRS operating margin to be above breakeven in 2011.
- Nokia and Nokia Siemens Networks continue to target Nokia Siemens Networks to reduce its non-IFRS annualized operating expenses and production overheads by EUR 500 million by the end of 2011, compared to the end of 2009
- All items relating to Nokia Siemens Networks exclude the impacts of the planned acquisition of Motorola Solutions network assets.

The outlook for Devices & Services net sales and non-IFRS operating margin for the second quarter 2011 is based on our expectations regarding a number of factors, including:

- Receipt of approximately EUR 150 million of royalty income related to earlier periods;
- Competitive industry dynamics and our planned tactical pricing actions;
- Greater impact from the tragic events in Japan than we experienced in the first quarter 2011, particularly relating to component supply visibility for certain devices and other logistics disruptions related to suppliers located in Japan. We expect these factors and their negative impact on our mobile devices volumes to continue not only during the second quarter 2011 but also through the third quarter 2011, at least.
- Greater impact from our lack of dual-SIM devices than we experienced in the first quarter 2011; and
- A lower contribution from new products in the second quarter 2011 compared to the first quarter 2011 as we plan to start shipping the majority of our new products in the second half of the year.

FIRST QUARTER 2011 FINANCIAL HIGHLIGHTS

The non-IFRS results exclusions

Q1 2011 EUR 265 million consisting of:

- *EUR 28 million restructuring charge and other associated items in Nokia Siemens Networks*
- *EUR 117 million of intangible asset amortization and other purchase price accounting related items arising from the formation of Nokia Siemens Networks*
- *EUR 116 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of NAVTEQ*
- *EUR 4 million of intangible assets amortization and other purchase price related items arising from the acquisition of OZ Communications, Novarra and Motally in Devices & Services*

Q1 2010 EUR 332 million (net) consisting of:

- *EUR 125 million restructuring charge and other one-time items in Nokia Siemens Networks.*

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- *EUR 29 million gain on sale of assets and a business in Devices & Services.*
- *EUR 116 million of intangible asset amortization and other purchase price accounting related items arising from the formation of Nokia Siemens Networks.*
- *EUR 118 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of NAVTEQ.*
- *EUR 2 million of intangible assets amortization and other purchase price related items arising from the acquisition of OZ Communications in Devices & Services.*

Q4 2010 EUR 206 million (net) consisting of:

- *EUR 28 million restructuring charge and other associated items in Nokia Siemens Networks*
- *EUR 85 million restructuring charges in Devices & Services*
- *EUR 147 million gain on sale of wireless modem business in Devices & Services*
- *EUR 116 million of intangible asset amortization and other purchase price accounting related items arising from the formation of Nokia Siemens Networks*
- *EUR 119 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of NAVTEQ*
- *EUR 5 million of intangible assets amortization and other purchase price related items arising from the acquisition of OZ Communications, Novarra and Motally in Devices & Services*

Q4 2010 taxes EUR 2 million non-cash tax benefit from reassessment of recoverability deferred tax assets in Nokia Siemens Networks

Non-IFRS results exclude special items for all periods. In addition, non-IFRS results exclude intangible asset amortization, other purchase price accounting related items and inventory value adjustments arising from i) the formation of Nokia Siemens Networks and ii) all business acquisitions completed after June 30, 2008.

Nokia Group

Nokia's first quarter 2011 net sales increased 9% to EUR 10.4 billion, compared with EUR 9.5 billion in the first quarter 2010, and decreased 18% compared with EUR 12.7 billion in the fourth quarter 2010. At constant currency, group net sales would have increased 4% year-on-year and decreased 18% sequentially.

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The following chart sets out the year-on-year and sequential growth rates in our net sales on a reported basis and at constant currency for the periods indicated.

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FIRST QUARTER 2011 NET SALES, REPORTED & CONSTANT CURRENCY(1)

	YoY Change	QoQ Change
Group net sales reported	9%	-18%
Group net sales - constant currency(1)	4%	-18%
Devices & Services net sales reported	6%	-17%
Devices & Services net sales - constant currency(1)	1%	-16%
NAVTEQ net sales reported	23%	-25%
NAVTEQ net sales - constant currency(1)	20%	-26%
Nokia Siemens Networks net sales reported	17%	-20%
Nokia Siemens Networks net sales - constant currency(1)	15%	-21%

Note 1: Change in net sales at constant currency excludes the impact of changes in exchange rates in comparison to the Euro, our reporting currency.

Nokia's first quarter 2011 reported operating profit was EUR 439 million, compared with an operating profit of EUR 488 million in the first quarter 2010 and an operating profit of EUR 884 million in the fourth quarter 2010. Nokia's first quarter 2011 reported operating margin was 4.2%, compared with 5.1% in the first quarter 2010 and 7.0% in the fourth quarter 2010. Nokia's first quarter 2011 non-IFRS operating profit was EUR 704 million, compared with EUR 820 million in the first quarter 2010 and EUR 1 090 million in the fourth quarter 2010. Nokia's first quarter 2011 non-IFRS operating margin was 6.8%, compared with 8.6% in the first quarter 2010 and 8.6% in the fourth quarter 2010. The year-on-year decrease in Nokia's non-IFRS operating margin resulted from a decline in non-IFRS operating margins in Devices & Services and Nokia Siemens Networks. The sequential decrease in Nokia's non-IFRS operating margin resulted from a decline in non-IFRS operating margins in all reportable segments.

The following chart sets out Nokia Group's cash flow (for the periods indicated) and financial position (at the end of the periods indicated), as well as the year-on-year and sequential growth rates.

NOKIA GROUP CASH FLOW AND FINANCIAL POSITION

EUR million	Q1/2011	Q1/2010	YoY Change	Q4/2010	QoQ Change
Cash generated from operations	182	1 181	-85%	2 492	-93%
Operating cash flow(1)	-173	955		2 436	
Total cash and other liquid assets	11 056	9 701	14%	12 275	-10%
Net cash and other liquid assets(2)	6 372	4 952	29%	6 996	-9%
Net debt-equity ratio (gearing)	-40%	-31%		-43%	

Note 1: Net cash from operating activities.

Note 2: Total cash and other liquid assets minus interest-bearing liabilities.

Year-on-year, the decrease in operating cash flow in the first quarter 2011 was due to negative net working capital impacts offset to some extent by lower income taxes paid. Sequentially, the decrease in operating cash flow in the first quarter 2011 was due to negative net working capital impacts as well as lower underlying profitability. Additionally, on a sequential basis, operating cash flow was negatively impacted by the timing of certain customer payments and value-added tax refunds, as approximately EUR 600 million of net working capital improvements were received in the fourth quarter 2010. In addition to these factors, in the first quarter 2011 we experienced cash outflows related to foreign exchange hedging activities, both operative as well as balance sheet, and this led to year-on-year and sequential declines in operating cash flow.

Both total as well as net cash and other liquid assets in the first quarter 2011 were higher compared to the first quarter 2010 due to positive overall cash generation. Sequentially, total cash and other liquid assets decreased due to repayments of short-term borrowings as well as negative overall cash generation. On a sequential basis, net cash and other liquid assets decreased due to the depreciation of certain currencies against the Euro as well as negative overall cash generation.

The following discussion of our reportable segments reflects our operational structure through March 31, 2011. As previously reported, starting April 1, 2011 we have a new operational structure, which features two distinct business units in our Devices & Services business - Smart Devices and Mobile Phones and we will present our financial

information and segment discussion in line with the new organizational structure commencing with our Q2 2011 interim report.

Devices & Services

Net Sales. The following chart sets out our Devices & Services net sales for the periods indicated, as well as the year-on-year and sequential growth rates, by category.

DEVICES & SERVICES NET SALES BY CATEGORY

EUR million	Q1/2011	Q1/2010	YoY Change	Q4/2010	QoQ Change
Mobile phones(1)	3 532	3 325	6%	4 092	-14%
Converged mobile devices(2)	3 555	3 338	6%	4 407	-19%
Total	7 087	6 663	6%	8 499	-17%

Note 1: Series 30 and Series 40-based devices ranging from basic mobile phones focused on voice capability to devices with a number of additional functionalities, such as Internet connectivity, including the services and accessories sold with them.

Note 2: Smartphones and mobile computers, including the services and accessories sold with them.

The following chart sets out Devices & Services net sales for the periods indicated, as well as the year-on-year and sequential growth rates, by geographic area.

DEVICES & SERVICES NET SALES BY GEOGRAPHIC AREA

EUR million	Q1/2011	Q1/2010	YoY Change	Q4/2010	QoQ Change
Europe	2 082	2 186	-5%	3 088	-33%
Middle East & Africa	1 088	1 005	8%	1 177	-8%
Greater China	1 902	1 458	30%	1 682	13%
Asia-Pacific	1 317	1 363	-3%	1 603	-18%
North America	140	219	-36%	233	-40%
Latin America	558	432	29%	715	-22%
Total	7 087	6 663	6%	8 499	-17%

Year-on-year, the 6% net sales increase resulted primarily from higher ASPs. Sequentially, the 17% net sales decrease reflected lower ASPs, as well as lower device volumes in most regions. At constant currency, Devices & Services net sales would have increased 1% year-on-year and decreased 16% sequentially.

Of our total Devices & Services net sales, services contributed EUR 211 million in the first quarter 2011, compared with EUR 148 million in the first quarter 2010 and EUR 201 million in the fourth quarter 2010. Services billings in the first quarter 2011 were EUR 338 million, compared with EUR 228 million in the first quarter 2010 and EUR 352 million in the fourth quarter 2010.

Volume and Market Share. The following chart sets out our Devices & Services volumes for the periods indicated, as well as the year-on-year and sequential growth rates, by category.

DEVICES & SERVICES MOBILE DEVICE VOLUMES BY CATEGORY

million units	Q1/2011	Q1/2010	YoY Change	Q4/2010	QoQ Change
Mobile phones(1)	84.3	86.3	-2%	95.4	-12%
Converged mobile devices(2)	24.2	21.5	13%	28.3	-14%
Total	108.5	107.8	1%	123.7	-12%

Note 1: Series 30 and Series 40-based devices ranging from basic mobile phones focused on voice capability to devices with a number of additional functionalities, such as Internet connectivity, including the services and accessories sold with them.

Note 2: Smartphones and mobile computers, including the services and accessories sold with them.

In the first quarter 2011, the overall industry mobile device volumes were 374 million units, based on Nokia's preliminary estimate, representing an increase of 16% year-on-year and a decrease of 7% sequentially. Nokia's preliminary estimated mobile device market share was 29% in the first quarter 2011, down from an estimated 33% in the first quarter 2010 and an estimated 31% in the fourth quarter 2010.

Of the total industry mobile device volumes, converged mobile device industry volumes in the first quarter 2011 increased to 92.3 million units, based on Nokia's preliminary estimate, representing an increase of 68% year-on-year and 2% sequentially. Nokia's preliminary estimated share of the converged mobile device market was 26% in the first

quarter 2011, compared with an estimated 41% in the first quarter 2010 and an estimated 31% in the fourth quarter 2010.

The following chart sets out our mobile device volumes for the periods indicated, as well as the year-on-year and sequential growth rates, by geographic area.

DEVICES & SERVICES MOBILE DEVICE VOLUMES BY GEOGRAPHIC AREA

million units	Q1/2011	Q1/2010	YoY Change	Q4/2010	QoQ Change
Europe	23.4				