

Nokia sells phone unit to Microsoft for €5.44bn

HELSINKI, FINLAND - Beleaguered Finnish mobile phone maker Nokia will sell its mobile phone unit to US group Microsoft for €5.44bn, it said on Tuesday, 3 September.



Nokia will give Microsoft a 10-year non-exclusive licence to its patents and will itself focus on network infrastructure and services, which it called "the best path forward for Nokia and its shareholders."

The company also announced the immediate departure of chief executive Stephen Elop. He will be replaced in the interim by Risto Siilasmaa, Nokia's chairman.

Nokia was the global leader in making mobile phones but has been overtaken by rivals Samsung and Apple as it struggled to establish winning business models and mobile devices.

The transaction is expected to be completed in the first quarter of next year, pending approval by Nokia shareholders and regulatory authorities.

The company said some 32,000 Nokia employees are expected to transfer to Microsoft, including about 4,700 people in Finland. It said the phone manufacturing operations generated about €14.9bn in 2012, or almost 50% of Nokia's net sales.

Of the total purchase price of €5.44bn, €3.79bn relates to the purchase of Nokia's Devices and Services business, and €1.65bn relates to the mutual patent agreement and future option.

Last month, Nokia finalised the purchase of German engineering company Siemens' 50% stake in Nokia Siemens Networks (NSN) for €1.7bn.

NSN, which is specialised in high-speed mobile broadband operation, was set up as a joint venture between the two companies in 2007, a partnership that expired in April. The unit has posted stronger earnings than Nokia's mobile phone business.

NSN posted a net profit of €8.0m in the second quarter of this year, compared with Nokia's net loss of €227m in the same

period.

Source: AFP via I-Net Bridge

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