

NOKIA CORP
Form 6-K
April 29, 2014

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 29, 2014

(Commission File No. 1-13202)

Nokia Corporation

Karakaari 7

FI-02610 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:

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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 releases dated April 29, 2014:

Nokia appoints Rajeev Suri as President and CEO and announces new strategy, program to optimize capital structure, and leadership team

Nokia Corporation Interim Report for Q1 2014

Nokia Board of Directors convenes Annual General Meeting 2014; Ordinary dividend of EUR 0.11 per share and special dividend of EUR 0.26 proposed for 2013

***STOCK
EXCHANGE
RELEASE***

April 29, 2014

Nokia appoints Rajeev Suri as President and CEO and announces new strategy, program to optimize capital structure, and leadership team

Nokia Corporation
Stock exchange release
April 29, 2014 at 06:00 (CET+1)

Espoo, Finland Having completed the sale of substantially all of its Devices & Services business to Microsoft on April 25, 2014, Nokia today announced the following:

- The appointment of Rajeev Suri as President and Chief Executive Officer, effective May 1, 2014;
- A vision to be a leader in technologies important in a connected world;
- A strategy to realize that vision by building on Nokia's three strong businesses in networks, location and technologies;
- Plans for a EUR 5 billion program to optimize its capital structure, including the Nokia Board's proposal to the Annual General Meeting 2014 for the dividend and for an authorization for the Board to repurchase shares; and
- A new governance structure and the appointment of a new leadership team, effective May 1, 2014.

New President and CEO

Nokia Board of Directors has appointed Rajeev Suri as President and CEO of Nokia Corporation, effective May 1, 2014. Suri joined Nokia in 1995 and has held a wide range of leadership positions in the company. Since October of 2009, he has served

as CEO of NSN, the former joint venture between Nokia and Siemens that is now fully owned by Nokia. During his tenure as CEO, that business went through a radical transformation to become one of the leaders in the telecommunications infrastructure industry.

As Nokia opens this new chapter, the Nokia Board and I are confident that Rajeev is the right person to lead the company forward, said Risto Siilasmaa, Chairman of the Nokia Board of Directors. He has a proven ability to create strategic clarity, drive innovation and growth, ensure disciplined execution, and deliver results. We believe that his passion for technology will help ensure that Nokia continues to deliver innovations that have a positive impact on people's lives.

Siilasmaa, who has also been serving as an interim CEO, will return to focusing exclusively on his role as Chairman of Nokia's Board of Directors as of May 1, 2014.

I am honored to have been asked to take this role, and excited about the possibilities that lie in our future, said Rajeev Suri. Nokia, with its deep experience in connecting people and its three strong businesses, is well-positioned to tap new opportunities during this time of technological change. I look forward to working with the entire Nokia team as we embark on this exciting journey.

Long-term leadership targeted in three key areas

Nokia believes that over the next 10 years billions of connected devices will converge into intelligent and programmable systems that will have the potential to improve lives in a vast number of areas: time and availability, transportation and resource consumption, learning and work, health and wellness, and many more.

This new world of technology will require 1) connectivity capable of handling massive numbers of devices and exponential increases in data traffic; 2) location services that seamlessly bridge between the real and virtual worlds; and 3) innovation, including in sensing, radio and low power technologies. Nokia's vision is to be a leader over the long term in these three areas.

The world of technology is on the verge of a change that we believe will be as profound as the creation of the internet said Rajeev Suri. With our three strong businesses Networks, HERE and Technologies and position as one of the world's largest software companies, we are well placed to meet our goal to be a leader in the technologies for a world where everybody and everything is connected.

Nokia strategy

Nokia's strategy is to develop its three businesses in order to realize its vision of being a technology leader in a connected world and, in turn, create long-term shareholder value, said Rajeev Suri. Our goal is to optimize the company so that each business is best enabled to meet its goals. Where it makes sense to do so, we will pursue shared opportunities between the businesses, but not at the expense of focus and discipline in each.

Nokia will target the creation of long-term shareholder value by focusing on the following three areas:

1) Through its *Networks* business (formerly Nokia Solutions and Networks, or NSN), Nokia will invest in the innovative products and services needed by telecoms operators to manage the increase in wireless data traffic which is more than doubling every year. Future investment will focus on further

building on our strong position in mobile broadband and related services, and strengthening our leadership position in next-generation network technologies.

Today, the Networks business serves more than 90 of the world's 100 largest operators, is a leader in the large and dynamic mobile broadband market, and is ranked third in estimated global market share in mobile radio and second in telecommunication services. An early leader in virtualization and cloud technologies, Networks conducted trials and pre-commercial live projects with more than 50 customers in 2013.

Customers of our Networks business can have confidence that we will continue to make the investments necessary to deliver the innovation needed to help them build even stronger businesses, said Rajeev Suri.

2) Through its *HERE* business, Nokia will invest to further develop its location cloud to make it the leading source of location intelligence and experiences across many different operating systems, platforms and screens. Given that location is an essential element of a connected world, we will target our investment in three areas: 1) technology for smart, connected cars; 2) cloud-based services for personal mobility and location intelligence, including for the growing segment of wearables and special purpose devices; and 3) location-based analytics for better business decisions.

Today, *HERE* is the leading global provider of map content, powering four out of five in-car navigation systems. Its location platform is used by leading internet companies such as Amazon, Microsoft and Yahoo. Our view is that

only one other company has location services that come close to the depth and breadth of those from HERE and HERE has the advantage of being independent from any operating system or single business model, said Rajeev Suri.

3) Through its *Technologies* business, Nokia will invest in the further development of its industry-leading innovation portfolio. This will include 1) expanding our successful intellectual property licensing program; 2) helping other companies and organizations benefit from our breakthrough innovations through technology licensing; and 3) exploring new technologies for use in potential future products and services.

The Technologies team includes hundreds of world-class scientists and engineers who have driven more than half of Nokia's recent patent filings and many of whom are recognized as leading experts in fields that are essential for enabling the future connected world. These areas include low-power connected smart multi-sensor systems, distributed sensing, and intelligent interplay between various types of radio technologies.

Nokia's industry leading intellectual property has the potential to create significant value for our licensees and our shareholders, said Rajeev Suri. With the strength of our Technologies team and continuing investment in advanced research and development, we can also drive new opportunities for Nokia in both business-to-business and consumer markets.

Nokia's continuing businesses invested more than EUR 2.5 billion in research and development in 2013. We believe that the company has a strong financial position

and the capacity to continue to make the investments necessary to remain an innovation leader in the three segments in which it competes.

Planned EUR 5 billion capital structure optimization program

As a result of the closing of the transaction between Nokia and Microsoft, Nokia's financial position and earnings profile have both improved significantly. Furthermore, Nokia's Board of Directors has conducted a thorough analysis of Nokia's potential capital structure requirements. Based on this analysis, the Nokia Board is confident that Nokia has the financial strength and flexibility to sustain the long-term investments necessary to ensure industry leadership in the future.

To improve the efficiency of Nokia's capital structure, the Nokia Board is today announcing plans for a EUR 5 billion capital structure optimization program which focuses on recommencing ordinary dividends, distributing deemed excess capital to shareholders, and reducing interest bearing debt. This comprehensive program consists of the following components:

- Recommendation of ordinary dividend payments, with at least EUR 800 million of ordinary dividends in total planned for 2013 and 2014, as follows:
 - An ordinary dividend for 2013 of EUR 0.11 per share (approximately EUR 400 million), subject to shareholder approval in 2014; and
 - A planned ordinary dividend for 2014 of at least EUR 0.11 per share (at least approximately EUR 400 million), subject to shareholder approval in 2015;
 - A special dividend of EUR 0.26 per share, subject to shareholder approval in 2014 (approximately EUR 1 billion);

- A EUR 1.25 billion share repurchase program, subject to the authorization to the Board by the shareholders in 2014; and
- Debt reduction of approximately EUR 2 billion by the end of the second quarter 2016.

We are committed to effective deployment of capital to drive future value creation, said Timo Ihamuotila, who is currently Nokia's Chief Financial Officer and who has been appointed to serve as the Group Chief Financial Officer as of May 1, 2014. We believe our planned comprehensive EUR 5 billion capital structure optimization program enables Nokia to make quick and orderly progress towards a more efficient capital structure, and is aligned with the long-term interests of our customers and shareholders. Together with our continued focus on solid business execution, these capital structure enhancements support our longer-term target to return to an investment grade credit rating, which would further affirm our long-term competitive strength and support our strategic objectives.

Ordinary Dividends at least EUR 800 million in total for 2013 and 2014

As part of the overall capital structure optimization program, Nokia Board of Directors proposes to the Annual General Meeting, scheduled to take place on June 17, 2014 (Annual General Meeting 2014), the recommencement of ordinary dividend payments to shareholders. The Nokia Board proposes to the Annual General Meeting 2014 that a dividend of EUR 0.11 per share be paid with respect to the year 2013, which equals approximately half of Nokia's non-IFRS earnings from continuing operations in 2013. This ordinary dividend for 2013 is expected to be paid on or about July 3, 2014.

Furthermore, the Nokia Board plans to propose an ordinary dividend of at least EUR 0.11 per share with respect to the year 2014 to the Annual General Meeting convening in spring 2015.

Special Dividend and Share Repurchase Program EUR 2.25 billion in total

The Nokia Board of Directors proposes to the Annual General Meeting 2014 a special dividend of EUR 0.26 per share (approximately EUR 1 billion). The special dividend is expected to be paid on or about July 3, 2014.

The Nokia Board also proposes a share repurchase authorization to facilitate the EUR 1.25 billion of planned share repurchases over two years. The Nokia Board proposes that the Annual General Meeting 2014 authorize the Board to resolve to repurchase a maximum of 370 million Nokia shares, which corresponds to less than 10% of Nokia shares outstanding. The term of the repurchase authorization is for the maximum of 18 months under Finnish regulations, and is expected to be re-proposed by the Nokia Board at the Annual General Meeting 2015. The repurchased shares are expected to be cancelled. The shares may be repurchased in the open market, in privately negotiated transactions, through the use of derivative instruments, or through a tender offer made to all shareholders on equal terms. The share repurchase authorization would be effective until December 17, 2015 and terminate the current authorization granted by the Annual General Meeting on May 7, 2013. The Nokia Board plans to commence the repurchases following the publication of the Company's interim report for the second quarter of 2014.

Debt reduction program EUR 2 billion in total

In addition, Nokia plans to reduce interest bearing debt by approximately EUR 2 billion by the end of the second quarter 2016. Once complete, the debt reduction is

expected to result in annual run rate savings of at least EUR 100 million related to recurring interest costs. Furthermore, lowering our gross debt level is aligned with our target to return to being an investment grade company. Nokia intends to reduce interest bearing debt by utilizing applicable maturity dates, call dates, or other terms allowing early redemption or retirement of debt or by making offers to repurchase debt in the open market.

Nokia ended the first quarter 2014 with a strong balance sheet and solid cash position with gross cash of EUR 6.9 billion and net cash of EUR 2.1 billion compared to EUR 9.0 billion and EUR 2.3 billion, respectively, at the end of the fourth quarter 2013. The sequential decline in Nokia's gross cash was primarily due to repayment of certain debt facilities totalling approximately EUR 1.8 billion during the first quarter 2014. If the transaction to sell Microsoft substantially all of our Devices & Services business would have closed before the end of the first quarter 2014, Nokia would have ended the quarter with gross cash of approximately EUR 10.5 billion and net cash of approximately EUR 7.1 billion.

Clear operational governance and structure; strong leadership team

Nokia will adopt a simple and clear operational governance model, designed to facilitate innovation and growth. As of May 1, 2014, all three businesses will report to the Nokia President and CEO, who has full accountability for the performance of the company. HERE and Technologies each will have a single leader reporting to the President and CEO. To ensure efficiency and simplicity, the Nokia President and CEO will assume direct control of the Networks business and key Networks leaders will report to him.

The primary operative decision-making body for the company will be the Nokia Group Leadership Team, which will be responsible for Group level matters, including the company strategy and overall business portfolio. Effective May 1 2014, the Nokia Group Leadership Team will replace the current Nokia Leadership Team, and the President and CEO will chair the Group Leadership Team, which will consist of the following members:

- Rajeev Suri as President and CEO of Nokia.
- Timo Ihamuotila as Executive Vice President and Group Chief Financial Officer.
- Michael Halbherr as CEO of HERE.
- Henry Tirri as Executive Vice President, and acting Head of Technologies.
- Samih Elhage as Executive Vice President and Chief Financial and Operating Officer of Networks.

The current Nokia Leadership Team will be disbanded. On April 25, 2014, Stephen Elop, Jo Harlow, Juha Putkiranta, Timo Toikkanen, and Chris Weber stepped down from the Nokia Leadership Team and transferred to Microsoft. In addition, Louise Pentland, Juha Äkräs and Kai Öistämö will step down from the Nokia Leadership Team effective May 1, 2014 and leave the company to pursue opportunities outside of Nokia. Pentland, Äkräs and Öistämö will continue to serve Nokia in an advisory role during a transition period. Of the current Nokia Leadership Team members, Timo Ihamuotila, Michael Halbherr and Henry Tirri will continue as members of the Group Leadership Team, as mentioned above.

With these leaders leaving the company, Nokia announces the appointment of Hans-Jürgen Bill as Executive Vice President of Human Resources, Barry French as

Executive Vice President of Marketing and Corporate Affairs, and Maria Varsellona as Executive Vice President and Chief Legal Officer, effective May 1, 2014.

Nokia has a strong and proven team of leaders, said Rajeev Suri. We intend to move fast to further refine our execution plan, build the right company culture, and institute the necessary operational governance and performance management systems.

Effective May 1, the interim governance structure of Nokia will cease to exist. Risto Siilasmaa, who has been serving as an interim CEO since September 3, 2013, will focus exclusively on his role as the Chairman of the Nokia Board of Directors. In addition, Timo Ihamuotila will step down from the interim President position.

Consistent with the planned structural changes announced today, Networks (formerly Nokia Solutions and Networks, or NSN) and Technologies will operate under the Nokia brand. HERE will retain its distinct identity within the Nokia family and, where appropriate, will be identified as A Nokia Company. The NSN name will no longer be used after a short phase-out period. For financial reporting purposes, Nokia will have four reportable segments: Mobile Broadband and Global Services within Networks, HERE, and Technologies.

More information on the Nokia Leaders is available at: <http://company.nokia.com>.

Press conference

Nokia is to hold a press conference today at its Karaportti campus in Espoo, Finland. The event is open to representatives of the media.

Time: 10:30-11:30 (CET+1). Registration opens at 10:00.

Place: Karakaari 7, Espoo 02610. <http://her.is/UWyd6>

For others wishing to view the press conference, we will be live-streaming the event at the following link:
http://sites.media-server.com/mmc-custom-portals/nokia/2014-04-29_press-conference/index.php?p=wnkrw6rc

Analyst conference call

Nokia is to hold a conference call for equity analysts today at 15:00 (CET+1). A webcast of the conference call will be available at <http://company.nokia.com/financials>. Media representatives wishing to listen in may call +1 706 634 5012, conference ID 30453654.

FORWARD LOOKING STATEMENTS

It should be noted that Nokia and its business are exposed to various risks and uncertainties and certain statements herein that are not historical facts are forward-looking statements, including, without limitation, those regarding: A) expectations, plans or benefits related to Nokia's new strategy; B) expectations, plans or benefits related to future performance of Nokia's continuing businesses Networks, HERE and Technologies; C) expectations, plans or benefits related to changes in leadership and operational structure; D) expectations regarding market developments, general economic conditions and structural changes; E) expectations and targets regarding performance, including those related to market share, prices, net sales and margins; F) the timing of the deliveries of our products and services; G) expectations and targets regarding our financial performance, cost savings and competitiveness as well as results of operations; H) expectations and targets regarding collaboration and partnering arrangements; I) the outcome of pending and threatened litigation, disputes, regulatory proceedings or investigations by authorities; J) expectations regarding restructurings, investments, uses of proceeds from transactions, acquisitions and divestments and our ability

to achieve the financial and operational targets set in connection with any such restructurings, investments, divestments and acquisitions, including any expectations, plans or benefits related to or caused by the transaction announced on September 3, 2013 where Nokia sold substantially all of Nokia's Devices & Services business to Microsoft on April 25, 2014 ("Sale of the D&S Business"); (K) statements preceded by or including believe, expect, anticipate, foresee, sees, target, estimate, designed, aim, plans, intends, focus, continue, or similar expressions. These statements are based on management's best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors, including risks and uncertainties that could cause these differences include, but are not limited to: 1) our ability to execute our new strategy successfully and in a timely manner, and our ability to successfully adjust our operations; 2) our ability to sustain or improve the operational and financial performance of our continuing businesses and correctly identify business opportunities or successfully pursue new business opportunities; 3) our ability to execute Networks' strategy and effectively, profitably and timely adapt its business and operations to the increasingly diverse needs of its customers and technological developments; 4) our ability within our Networks business to effectively and profitably invest in and timely introduce new competitive high-quality products, services, upgrades and technologies; 5) our ability to invent new relevant technologies, products and services, to develop and maintain our intellectual property portfolio and to maintain the existing sources of intellectual property related revenue and establish new such sources; 6) our ability to protect numerous patented standardized or proprietary technologies from third-party infringement or actions to invalidate the intellectual property rights of these technologies; 7) our ability within our HERE business to maintain current sources of revenue, historically derived mainly from the automotive industry, create new sources of revenue, establish a successful location-based platform and extend our location-based services across devices and operating systems; 8) effects of impairments or charges to carrying values of assets, including goodwill, or liabilities; 9) our dependence on the development of the mobile and communications industry in numerous

diverse markets, as well as on general economic conditions globally and regionally; 10) our Networks business dependence on a limited number of customers and large, multi-year contracts; 11) our ability to retain, motivate, develop and recruit appropriately skilled employees; 12) the potential complex tax issues and obligations we may face, including the obligation to pay additional taxes in various jurisdictions and our actual or anticipated performance, among other factors, could result in allowances related to deferred tax assets; 13) our ability to manage our manufacturing, service creation and delivery, and logistics efficiently and without interruption, especially if the limited number of suppliers we depend on fail to deliver sufficient quantities of fully functional products and components or deliver timely services; 14) potential exposure to contingent liabilities due to the Sale of the D&S Business and possibility that the agreements we have entered into with Microsoft may have terms that prove to be unfavorable to us; 15) any inefficiency, malfunction or disruption of a system or network that our operations rely on or any impact of a possible cybersecurity breach; 16) our ability to reach targeted results or improvements by managing and improving our financial performance, cost savings and competitiveness; 17) management of Networks customer financing exposure; 18) the performance of the parties we partner and collaborate with, and our ability to achieve successful collaboration or partnering arrangements; 19) our ability to protect the technologies, which we develop, license, use or intend to use from claims that we have infringed third parties' intellectual property rights, as well as, impact of possible licensing costs, restriction on our usage of certain technologies, and litigation related to intellectual property rights; 20) the impact of regulatory, political or other developments on our operations and sales in those various countries or regions where we do business; 21) exchange rate fluctuations, particularly between the euro, which is our reporting currency, and the US dollar, the Japanese yen and the Chinese yuan, as well as certain other currencies; 22) our ability to successfully implement planned transactions, such as acquisitions, divestments, mergers or joint ventures, manage unexpected liabilities related thereto and achieve the targeted benefits; 23) the impact of unfavorable outcome of litigation, contract related disputes or allegations of health hazards associated with our business, as well as the risk factors specified in the most recent Nokia's annual report on

Form 20-F in under Item 3D. Risk Factors . Other unknown or unpredictable factors or underlying assumptions subsequently proven to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Nokia does not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

About Nokia

Nokia invests in technologies important in a world where billions of devices are connected. We are focused on three businesses: network infrastructure software, hardware and services, which we offer through Networks; location intelligence, which we provide through HERE; and advanced technology development and licensing, which we pursue through Technologies. Each of these businesses is a leader in its respective field. <http://company.nokia.com>

Media Enquiries:

Nokia
Communications
Tel. +358 (0) 10 448 4900
Email: press.services@nokia.com

INTERIM REPORT

Nokia Corporation

April 29, 2014 at 08.00 (CET +1)

Nokia Corporation Interim Report for Q1 2014

FINANCIAL AND OPERATING HIGHLIGHTS

First quarter 2014 highlights for continuing operations*:

Nokia's non-IFRS diluted EPS in Q1 2014 of EUR 0.04 (0.01 in Q1 2013); reported diluted EPS of EUR 0.03 (-0.03 in Q1 2013)

Nokia's net sales in Q1 2014 were EUR 2.7 billion, down 15% compared to Q1 2013.

- In Q1 2014, underlying operating profitability for Nokia's continuing operations increased to EUR 304 million, or 11.4% of net sales, compared to EUR 254 million, or 8.1% of net sales, in Q1 2013.
- Networks achieved solid underlying operating profitability, with Q1 2014 non-IFRS operating profit of EUR 216 million, or 9.3% of net sales, compared to EUR 196 million, or 7.0%, in Q1 2013. This was primarily due to a higher gross margin which benefitted from a higher proportion of software sales, significant efficiency improvements in Global Services and a higher proportion of Mobile Broadband sales.
- HERE's external net sales were EUR 185 million, an increase of 13% year-on-year, driven by strong sales to vehicle customers.
- Technologies entered in to an agreement with HTC, validating Nokia's implementation patents and enabling Technologies to focus on further licensing opportunities.

*See note 4 to our Summary Financial Information table below concerning our current operational and reporting structure

Balance sheet highlights:

- Nokia Group ended Q1 2014 with a strong balance sheet and solid cash position with gross cash of EUR 6.9 billion and net cash of EUR 2.1 billion compared to EUR 9.0 billion and EUR 2.3 billion, respectively, at the end of Q4 2013. The sequential decline in Nokia's gross cash was primarily due to repayment of certain debt facilities totalling approximately EUR 1.8 billion during the first quarter 2014.

- If the transaction to sell to Microsoft substantially all of our Devices & Services business would have closed before the end of the first quarter 2014, Nokia would have ended the quarter with gross cash of approximately EUR 10.5 billion and net cash of approximately EUR 7.1 billion.

Risto Siilasmaa, Nokia Chairman, commented on the company's progress:

With the closing of our transaction with Microsoft, Nokia begins a new era. We are confident in our future. Nokia's vision is to be a leader in technologies which will be important in a world of billions of intelligent connected devices. With our strategic direction now set, our highly talented teams can focus fully on realizing our vision by building on Nokia's three strong businesses—Networks, HERE, and Technologies. In all three businesses, Nokia has a solid foundation and we continue to see attractive opportunities to invest in growth. Additionally, we will focus on managing our capital effectively, and we have announced a comprehensive EUR 5 billion program to optimize our capital structure.

In the first quarter of 2014, all three of our businesses delivered solid performance. In particular, we were pleased by the continued strength of Networks' underlying operating profitability. Under the leadership of Rajeev Suri, Networks has become an innovation leader, with tremendously improved strategic focus and financial results. I believe Rajeev is the right person to lead Nokia forward, and that his passion for technology will help ensure that Nokia continues to deliver technologies that have a positive impact on people's lives.

SUMMARY FINANCIAL INFORMATION

EUR million	Reported and Non-IFRS first quarter 2014 results(1-4)				QoQ Change
	Q1/14	Q1/13	YoY Change	Q4/13	
Continuing Operations					
Net sales	2 664	3 140	-15%	3 476	-23%
Gross margin % (non-IFRS)	45.7%	39.3%		42.5%	
Operating expenses (non-IFRS)	- 925	-1 004	-8%	-1 018	-9%
Operating profit (non-IFRS)	304	254	20%	409	-26%
Non-IFRS exclusions	62	283		134	
Operating profit	242	- 30		274	-12%
EPS, EUR diluted (non-IFRS)	0.04	0.01	300%	0.08	-50%
EPS, EUR diluted (reported)	0.03	-0.03		0.05	-40%
Net cash from operating activities(6)	198	498	-60%		
Net cash and other liquid assets(5)	2 075	4 479	-54%	2 308	-10%
Networks					
Net sales	2 328	2 804	-17%	3 105	-25%
Mobile Broadband net sales	1 250	1 244	0%	1 563	-20%
Global Services net sales	1 069	1 423	-25%	1 540	-31%
Gross margin % (non-IFRS)	39.6%	34.0%		37.6%	
Operating profit (non-IFRS)	216	196	10%	349	-38%
Operating margin % (non-IFRS)	9.3%	7.0%		11.2%	
HERE					
Net sales	209	216	-3%	255	-18%
Gross margin % (non-IFRS)	77.5%	75.5%		75.6%	
Operating profit (non-IFRS)	10	-5		25	-60%
Operating margin % (non-IFRS)	4.8%	-2.3%		9.8%	
Technologies					
Net sales	131	123	7%	121	8%
Gross margin % (non-IFRS)	98.5%	99.2%		98.4%	
Operating profit (non-IFRS)	86	73	18%	81	6%
Operating margin % (non-IFRS)	65.6%	59.3%		66.9%	
Discontinued Operations					
Net sales	1 929	2 765	-30%	2 633	-27%
Operating profit (non-IFRS)	-306	-73		-191	
Operating profit	-326	-120		-198	
Operating margin % (non-IFRS)	-15.9%	-2.6%		-7.3%	
Operating margin %	-16.9%	-4.3%		-7.5%	
Net cash from operating activities(6)	-336	-292			
Nokia Group (continuing and discontinued operations)					
EPS, EUR diluted (non-IFRS)	-0.04	-0.02		0.03	
EPS, EUR diluted (reported)	-0.06	-0.07		-0.01	
Net cash from operating activities	-138	206		53	
Net cash and other liquid assets(5)	2 075	4 479	-54%	2 308	-10%

Note 1 relating to results information and non-IFRS (also referred to as underlying) results The results information in this report is unaudited. Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals

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presented and may vary from previously published financial information. In addition to information on our reported IFRS results, we provide certain information on a non-IFRS, or underlying business performance, basis. Non-IFRS results exclude all material 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 Networks (formerly NSN) and (ii) all business acquisitions completed after June 30, 2008. Nokia believes that our non-IFRS results provide meaningful supplemental information to both management and investors regarding Nokia's underlying business 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. See note 2 below for information about the exclusions from our non-IFRS results. More information, including a reconciliation of our Q1 2014 and Q1 2013 non-IFRS results to our

reported results, can be found in our complete Q1 2014 report with tables on pages 19-23. A reconciliation of our Q4 2013 non-IFRS results to our reported results can be found in our complete Q4 interim report with tables on pages 21-22 and 35-40 published on January 23, 2014.

Note 2 relating to non-IFRS exclusions/special items for continuing operations:

Q1 2014 EUR 62 million (net) consisting of:

- EUR 15 million restructuring charge and other associated items in Networks
- EUR 3 million restructuring charge in HERE
- EUR 9 million of transaction and other related costs in Corporate Common resulting from the sale of Devices & Services business to Microsoft
- EUR 3 million of transaction and other related costs in Technologies resulting from the sale of Devices & Services business to Microsoft
- EUR 6 million of transaction and other related costs in HERE resulting from the sale of Devices & Services business to Microsoft
- EUR 22 million of intangible asset and other purchase price accounting related items arising from the acquisition of Motorola Solutions networks assets
- EUR 3 million of intangible asset and other purchase price accounting related items arising from the acquisition of NAVTEQ

Q4 2013 EUR 134 million (net) consisting of:

- EUR 95 million restructuring charge and other associated items in Networks.
- EUR 4 million restructuring charge in HERE
- EUR 22 million of transaction and other related costs resulting from the sale of Devices & Services business to Microsoft
- EUR 11 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of Motorola Solutions networks assets
- EUR 3 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of NAVTEQ

Q1 2013 EUR 283 million (net) consisting of:

- *EUR 129 million restructuring charge and other associated items in Networks, including EUR 53 million of net charges related to country and contract exits based on the strategy that focuses on key markets and product segments*
- *EUR 5 million restructuring charge in HERE*
- *EUR 64 million of intangible asset and other purchase price accounting related items arising from the formation of Networks (formerly Nokia Siemens Networks and Nokia Solutions and Networks) and the acquisition of Motorola Solutions networks assets*
- *EUR 87 million of intangible asset and other purchase price accounting related items arising from the acquisition of NAVTEQ*

Note 3 relating to non-IFRS exclusions for discontinuing operations:

Q1 2014 EUR 19 million (net) consisting of:

- *EUR 19 million of transaction and other related costs resulting from the sale of Devices & Services business to Microsoft*

Q4 2013 EUR 7 million (net) consisting of:

- *EUR 7 million of transaction and other related costs resulting from the sale of Devices & Services business to Microsoft*

Q1 2013 EUR 47 million (net) consisting of:

- *EUR 72 million restructuring charge*
- *EUR 27 million gain on a cartel claim settlement*

Note 4 relating to operational and reporting structure: *We have three businesses: Networks, HERE, and Technologies, and four operating and reportable segments for financial reporting purposes: Mobile Broadband and Global Services within Networks, HERE, and Technologies. We also present certain segment data for discontinued operations. Below is a description of our four reportable segments. Mobile Broadband provides mobile operators with radio and core network software together with the hardware needed to deliver mobile voice and data services. Global Services provides mobile operators with a broad range of services, including network implementation, care, managed services, network planning and optimization as well as systems integration. HERE focuses on the development of location intelligence, location-based services and local commerce. Technologies is built on Nokia's Chief Technology Office and intellectual property rights and licensing activities. Networks also contains Networks Other, which includes net sales and related cost of sales and operating expenses of non-core businesses, as well as Optical Networks business until May 6, 2013, when its divestment was completed. It also includes restructuring and associated charges for Networks business. Additionally, as a result of the transaction announced on September 3, 2013 and closed on April 25, 2014 whereby Nokia sold substantially all of Nokia's Devices & Services business to Microsoft (Sale of the D&S Business), we report certain separate information for Discontinued Operations. On August 7, 2013 Nokia completed the acquisition of Siemens stake in Nokia Siemens Networks, which was a*

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joint venture between Nokia and Siemens and renamed the company Nokia Solutions and Networks, also referred to as NSN. NSN was consolidated by Nokia prior to this transaction. After the closing of the Sale of the D&S Business, NSN was renamed Networks. Beginning in the third quarter of 2013, Nokia has reported financial information for the two operating and reportable segments within Networks; Mobile Broadband and Global Services. Beginning in the fourth quarter of 2013, the Devices & Services business has been reported as Discontinued Operations. To reflect these changes, historical results information for past periods have been regrouped for historical comparative purposes. As is customary, certain judgments have been made when regrouping historical results information and allocating items in the regrouped results. When presenting financial information as at and related comparative information for previous periods, we generally refer to the names of the businesses and reportable segments as they are named currently. However, the terms Networks and Nokia Solutions and Networks, or NSN, as well as Technologies and Advanced Technologies can be used interchangeably in this report.

Note 5 relating to Nokia net cash and other liquid assets: Calculated as total cash and other liquid assets less interest-bearing liabilities. For selected information on Nokia Group interest-bearing liabilities, please see the table on pages 35-36 of the complete Q1 2014 report with tables.

Note 6 relating to continuing and discontinuing operations net cash from operating activities: No comparative data available for Q4 2013. For the full year 2013 the net cash from operations was an inflow of EUR 1 133 million for continuing operations and an outflow of EUR 1 062 million for the discontinued operations.

NOKIA OUTLOOK

Continuing Operations

- Nokia continues to expect Networks' non-IFRS operating margin for the full year 2014 to be towards the higher end of Networks' targeted long term non-IFRS operating margin range of 5% to 10%. In addition, Nokia now expects Networks' net sales to grow on a year-on-year basis in the second half of 2014. This outlook is based on Nokia's expectations regarding a number of factors, including:
 - competitive industry dynamics;
 - product and regional mix;
 - the timing of major new network deployments; and
 - expected continued improvement under Networks' transformation programs.
- Nokia expects software sales to comprise a lower proportion of Networks' second quarter 2014 net sales compared to the first quarter 2014, which is expected to negatively affect Networks' second quarter 2014 non-IFRS operating margin.
- During 2014, Nokia continues to expect HERE to invest to capture longer term transformational growth opportunities. This is expected to negatively affect HERE's 2014 non-IFRS operating margin.
- Nokia continues to expect the Technologies annualized net sales run rate to expand to approximately EUR 600 million during 2014, now that Microsoft has become a more significant intellectual property licensee in conjunction with the sale of substantially all of our Devices & Services business.
- Nokia expects cash flow in the second quarter 2014 to be negatively affected by incentive-related cash outflows related to Networks' strong business performance in 2013.
- On a non-IFRS basis, until a pattern of tax profitability is re-established in Finland, Nokia continues to expect to record approximately EUR 250 million of annualized tax expense for the continuing operations. This corresponds to the anticipated cash tax obligations for Networks, HERE and Technologies. After a pattern of tax profitability is re-established in Finland, Nokia expects to record tax expenses at a long term effective tax rate of approximately 25%, however Nokia's cash tax obligations are expected to remain at approximately EUR 250 million annually until Nokia's currently unrecognized Finnish deferred tax assets have been fully utilized. At the end of the first quarter Nokia had approximately EUR 2.4 billion of unrecognized Finnish deferred tax assets that would be available against approximately EUR 11.8 billion of taxable profits. Nokia expects to utilize approximately EUR 200 million of these unrecognized Finnish deferred tax assets against the expected gain on sale of our Devices & Services business to Microsoft, and thus have available EUR 2.2 billion of unrecognized Finnish deferred tax assets after the transaction that would be available against EUR 10.8 billion of taxable profits.
- Nokia continues to expect full year 2014 capital expenditures for continuing operations to be approximately EUR 200 million, primarily attributable to Networks.

COMPLETION OF THE SALE OF SUBSTANTIALLY ALL OF THE DEVICES & SERVICES BUSINESS TO MICROSOFT

On April 25, 2014 Nokia completed the sale of substantially all of its Devices & Services business to Microsoft. As earlier communicated, the transaction was subject to potential purchase price adjustments. At closing, the agreed transaction price of EUR 5.44 billion was increased by approximately EUR 170 million as a result of the estimated adjustments made for net working capital and cash earnings. However this adjustment is based on an estimate which will be finalized when the final cash earnings and net working capital numbers are available during the second quarter 2014.

Nokia expects to book a gain on sale of approximately EUR 3.0 billion from the transaction, of which approximately EUR 1.0 billion is expected to be taxable income in Finland. As a result of the gain, Nokia expects to record tax expenses of approximately EUR 180 million and to utilize approximately EUR 200 million of Nokia's unrecognized deferred tax assets in Finland.

Additionally, as is customary for transactions of this size, scale and complexity, Nokia and Microsoft made certain adjustments to the scope of the assets originally planned to transfer. These adjustments have no impact on the material deal terms of the transaction and Nokia will be materially compensated for any retained liabilities.

In India, our manufacturing facility remains part of Nokia following the closing of the transaction. Nokia and Microsoft have entered into a service agreement whereby Nokia would produce mobile devices for Microsoft for a limited time. In Korea, Nokia and Microsoft agreed to exclude the Masan facility from the scope of the transaction and Nokia is taking steps to close the facility, which employs approximately 200 people. Altogether, and accounting for these adjustments, Nokia transferred approximately 25 000 employees to Microsoft at the closing.

The EUR 1.5 billion convertible bonds issued by Nokia to Microsoft following the announcement of the transaction have been redeemed and netted against the deal proceeds by the amount of principal and accrued interest. Related to this

redemption, the accounting treatment of the equity component of the convertible bonds negatively impacted Nokia's net cash by approximately EUR 150 million.

If the transaction to sell Microsoft substantially all of our Devices & Services business would have closed before the end of the first quarter 2014, Nokia would have ended the quarter with gross cash of approximately EUR 10.5 billion and net cash of approximately EUR 7.1 billion. In addition to the proceeds from the transaction and other transaction related items, this estimate includes approximately EUR 250 million of payments from Nokia to Microsoft relating to the timing of platform support payments received, as part of the previous agreement between the two companies.

This compares to reported gross cash of EUR 6.9 billion and net cash of EUR 2.1 billion at the end of the first quarter 2014.

ANNOUNCEMENT OF NEW STRATEGY, STRUCTURE AND LEADERSHIP TEAM

The completion of the transaction with Microsoft has provided Nokia with a solid basis for future investment. It has also significantly strengthened our financial position, supporting our target of returning to being an investment grade company. On April 29, 2014, and shortly prior to the publication of this Q1 2014 interim report, Nokia outlined its next steps and future plans. These included:

- The appointment of Rajeev Suri as President and CEO, effective May 1, 2014;
- A vision to be a leader in technologies important in a connected world;
- A strategy to realize that vision by building on Nokia's three strong businesses in Networks, HERE and Technologies;
- Plans for a EUR 5 billion program to optimize capital structure, including the Nokia Board's proposal to the Annual General Meeting 2014 for the dividend and for an authorization for the Board to repurchase shares; and
- A new governance structure and the appointment of a new leadership team, effective May 1, 2014.

More details about our announcement can be found in our stock exchange release issued today entitled: *Nokia appoints Rajeev Suri as President and CEO and announces new strategy, program to optimize capital structure, and leadership team*. The release is available at <http://company.nokia.com/press>.

NOKIA'S ANNUAL GENERAL MEETING 2014

Nokia's Annual General Meeting 2014 is scheduled to be held on June 17, 2014. The Nokia Board of Directors will convene the meeting and publish the notice and related proposals later today.

FIRST QUARTER 2014 FINANCIAL AND OPERATING DISCUSSION**NOKIA'S CONTINUING OPERATIONS**

See note 4 to our Summary Financial Information table above concerning our current operational and reporting structure. The following discussion includes information on a non-IFRS, or underlying business performance, basis. See notes 1 and 2 to our Summary Financial Information table above for information about our underlying non-IFRS results and the non-IFRS exclusions for the periods discussed below.

Net sales

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

FIRST QUARTER 2014 NET SALES, REPORTED & CONSTANT CURRENCY(1)

	YoY Change	QoQ Change
Continuing operations net sales reported	-15%	-23%
Continuing operations net sales constant currency (1)	-11%	-22%
Networks net sales reported	-17%	-25%
Networks net sales constant currency(1)	-13%	-23%
HERE net sales reported	-3%	-18%
HERE net sales constant currency(1)	-2%	-18%

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 continuing operations net sales decreased 15% year-on-year and 23% sequentially. At constant currency Nokia's continuing operations net sales would have decreased 11% year-on-year and 22% sequentially.

The year-on-year decrease in Nokia's continuing operations net sales in the first quarter 2014 was primarily due to lower net sales in Networks and, to a lesser extent, lower net sales in HERE. This was partially offset by a slight increase in net sales in Technologies. The decrease in Networks' net sales in the first quarter 2014 was primarily driven by lower net sales in Global Services and the divestments of businesses not consistent with its strategic focus, as well as the exiting of certain customer contracts and countries.

The sequential decrease in Nokia's continuing operations net sales in the first quarter 2014 was primarily due to lower net sales in Networks and, to a lesser extent, lower net sales in HERE. This was partially offset by a slight increase in net sales in Technologies. The sequential decrease in net sales for Networks and HERE in the first quarter 2014 was primarily due to typical industry seasonality.

Gross Margin

Nokia's continuing operations gross margin in the first quarter 2014 improved year-on-year to 45.7% compared to 39.3% in the first quarter 2013. The year-on-year increase in Nokia's continuing operations gross margin in the first quarter 2014 was primarily due to a higher gross margin in Networks and, to a lesser extent, a higher gross margin in HERE. The year-on-year increase in Networks' gross margin in the first quarter 2014 was primarily due to a higher proportion of software mainly in Japan, a higher gross margin in Global Services related to significant efficiency improvements as a result of Networks' transformation program, and a higher proportion of Mobile Broadband in the overall sales mix.

Nokia's continuing operations gross margin in the first quarter increased sequentially to 45.7%, compared to 42.5% in the fourth quarter 2013. The sequential increase in Nokia's continuing operations gross margin in the first quarter 2014 was primarily due to a higher gross margin in Networks and, to a lesser extent, a higher gross margin in HERE. The sequential increase in Networks' gross margin in the first quarter 2014 was primarily due to a higher proportion of software mainly in Japan, a higher gross margin in Global Services related to significant efficiency improvements as a result of Networks' transformation program, and a higher proportion of Mobile Broadband in the overall sales mix.

Operating expenses

Nokia's continuing operations research and development expenses decreased year-on-year in the first quarter 2014 primarily due to a decrease in research and development expenses in HERE and Networks, primarily due to lower purchase price accounting related expenses.

Nokia's continuing operations research and development expenses decreased sequentially in the first quarter 2014 primarily due to a decrease in research and development expenses in Networks and Technologies.

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Nokia's continuing operations selling, general and administrative expenses decreased year-on-year and sequentially in the first quarter 2014 primarily due to a decrease in selling, general and administrative expenses in Networks and, to a lesser extent, HERE and Technologies.

Non-IFRS Operating profit

Nokia's continuing operations non-IFRS operating profit increased year-on-year in the first quarter 2014 primarily due to increases in non-IFRS operating profit for Networks and, to a lesser extent, HERE and Technologies.

Nokia's continuing operations non-IFRS operating profit decreased sequentially in the first quarter 2014 primarily due to decreases in non-IFRS operating profit for Networks and, to a lesser extent, HERE, partially offset by an increase in Technologies non-IFRS operating profit.

Nokia's non-IFRS other income and expenses was an income of EUR 11 million in the first quarter 2014, compared to an income of EUR 24 million in the first quarter 2013 and an expense of EUR 52 million in the fourth quarter 2013. On a sequential basis, the change in Nokia's non-IFRS other income and expenses was primarily due to the absence of the following factors which resulted in elevated expense levels in the fourth quarter 2013: a non-recurring litigation provision, a write down of a VAT receivable, an increase in doubtful account allowances, and asset retirement charges.

Operating profit

Nokia's continuing operations operating profit increased year-on-year in the first quarter 2014 primarily due to an increase in operating profit for Networks and, to a lesser extent, HERE and Technologies.

Nokia's continuing operations operating profit decreased sequentially in the first quarter 2014 primarily due to decrease in operating profit for Networks and, to a lesser extent, HERE, partially offset by an increase in Technologies operating profit.

Nokia's other income and expenses was an expense of EUR 3 million in the first quarter 2014, compared to an expense of EUR 108 million in the first quarter 2013 and an expense of EUR 155 million in the fourth quarter 2013. On a year-on-year basis Nokia's other income and expenses was a lower expense primarily due to lower restructuring charges. On a sequential basis Nokia's other income and expenses was a lower expense primarily due to the absence of the following factors which resulted in elevated expense levels in the fourth quarter 2013: a non-recurring litigation provision, a write down of a VAT receivable, an increase in doubtful account allowances, and asset retirement charges.

Financial income and expenses

In the first quarter 2014, Nokia's continuing operations financial income and expenses was a net expense of EUR 74 million, compared to a net expense of EUR 111 million in the first quarter 2013 and a net expense of EUR 50 million in the fourth quarter 2013. On a year-on-year basis, the improvement was primarily due to lower net foreign exchange-related losses, partially offset by higher interest expenses. On a sequential basis, the increase in net expense was primarily due to the recognition of income related to one of our investments in the fourth quarter of 2013, partially offset by lower net foreign exchange-related losses.

Taxes

At the end of the first quarter 2014, Nokia's continuing operations in Finland had approximately EUR 2.4 billion (calculated at the Finnish corporate tax rate of 20%) of net deferred tax assets that have not been recognized in the financial statements. A significant portion of Nokia's Finnish deferred tax assets are indefinite in nature and available against future Finnish taxable income. Nokia will continue to closely monitor its ability to utilize these deferred tax assets, including assessing the future financial performance of Nokia's continuing operations in Finland. Should the recent improvements in Nokia's continuing operations financial results be sustained, all or part of the unrecognized deferred tax assets may be recognized in the future.

Cash and cash flow

The following table sets forth Nokia's continuing operations financial position at the end of the periods indicated, as well as the year-on-year and sequential growth rates.

NOKIA'S CONTINUING OPERATIONS FINANCIAL POSITION

EUR million	Q1/2014	Q1/2013	YoY Change	Q4/2013	QoQ Change
Total cash and other liquid assets	6 859	10 102	-32%	8 971	-24%

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Networks Contribution	2 870	2 753	4%	2 768	4%
Net cash and other liquid assets(1)	2 075	4 479	-54%	2 308	-10%
Networks Contribution	1 868	1 484	26%	1 678	11%

Note 1: Total cash and other liquid assets minus interest-bearing liabilities.

In the first quarter 2014, Nokia's total cash and other liquid assets decreased by EUR 2 112 million and Nokia's net cash and other liquid assets decreased by EUR 233 million, compared to the fourth quarter 2013. The sequential decline in Nokia's total cash and other liquid assets was primarily due to repayment of certain debt facilities totaling EUR 1 750 million during the first quarter 2014.

The sequential decline of EUR 233 million in Nokia's net cash and other liquid assets in the first quarter 2014 was primarily due to cash outflows from discontinued operations, which more than offset cash inflows from Nokia's continuing operations. The cash inflows from Nokia's continuing operations were primarily driven by Networks cash inflows.

In the first quarter 2014, Nokia's continuing operations adjusted net profit was EUR 272 million. In the first quarter 2014, Nokia's continuing operations had cash inflows of approximately EUR 50 million related to Networks other receivables and approximately EUR 40 million related to net working capital, which included approximately EUR 110 million of restructuring-related cash outflows. In addition, Nokia's continuing operations had cash outflows of approximately EUR 100 million related to taxes, approximately EUR 60 million negative foreign exchange impact from translation of net cash and approximately EUR 50 million related to capital expenditures. Nokia's discontinued operations cash outflow totaled approximately EUR 380 million in the first quarter 2014.

At the end of the first quarter 2014, Networks' contribution to Nokia's total cash and other liquid assets was approximately EUR 2.9 billion and its contribution to Nokia's net cash and other liquid assets was approximately EUR 1.9 billion, a sequential increase of approximately EUR 102 million and EUR 190 million, respectively.

NETWORKS

The following table sets forth a summary of the results for Networks and its reportable segments, Mobile Broadband and Global Services, for the periods indicated, as well as the year-on-year and sequential growth rates.

NETWORKS RESULTS SUMMARY

EUR million	Q1/2014	Q1/2013	YoY Change	Q4/2013	QoQ Change
Net sales	2 328	2 804	-17%	3 105	-25%
Mobile Broadband net sales	1 250	1 244	0%	1 563	-20%
Global Services net sales	1 069	1 423	-25%	1 540	-31%
Non-IFRS gross margin (%)	39.6%	34.0%		37.6%	
Non-IFRS operating expenses	-704	-762	-8%	-770	-9%
Research and development expenses	-421	-463	-9%	-452	-7%
Non-IFRS operating profit	216	196	10%	349	-38%
Mobile Broadband non-IFRS operating profit	103	129	-20%	117	-12%
Global Services non-IFRS operating profit	115	80	44%	234	-51%
Non-IFRS operating margin (%)	9.3%	7.0%		11.2%	
Mobile Broadband non-IFRS operating margin (%)	8.2%	10.4%		7.5%	
Global Services non-IFRS operating margin (%)	10.8%	5.6%		15.2%	

Net Sales

The following table sets forth Networks net sales for the periods indicated, as well as the year-on-year and sequential growth rates, by geographic area.

NETWORKS NET SALES BY GEOGRAPHIC AREA

EUR million	Q1/2014	Q1/2013	YoY Change	Q4/2013	QoQ Change
Europe	630	731	-14%	834	-24%
Middle East & Africa	181	259	-30%	337	-46%
Greater China	278	223	25%	424	-34%
Asia Pacific	766	872	-12%	907	-16%
North America	262	424	-38%	263	0%

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Latin America	211	295	-28%	340	-38%
Total	2 328	2 804	-17%	3 105	-25%

The year-on-year decrease of 17% in Networks net sales in the first quarter 2014 was partially due to divestments of businesses not consistent with its strategic focus, as well as the exiting of certain customer contracts and countries. Excluding these two factors, Networks net sales in the first quarter 2014 declined year-on-year by approximately 10% primarily due to lower net sales in Global Services. Mobile Broadband net sales increased slightly year-on-year. Additionally, Networks net sales were negatively affected by foreign currency fluctuations. Excluding the negative effect of foreign currency fluctuations and the divestments of businesses not consistent with its strategic focus, as well as the exiting of certain customer contracts and countries, Networks net sales would have decreased approximately 6% year-on-year.

The year-on-year decrease of 25% in Global Services net sales in the first quarter 2014 was primarily due to a reduction in network implementation and maintenance activity, consistent with lower levels of large scale network deployments, and the exiting of certain customer contracts and countries. In the first quarter 2014, Mobile Broadband net sales benefitted from higher net sales in core networks and LTE offset by lower net sales in other radio technologies, resulting in a slight net sales increase year-on-year. Additionally, Mobile Broadband net sales were adversely affected by shortages of certain components which we expect to continue to impact our business at least through the end of the second quarter 2014.

On a regional basis compared to the first quarter of 2013, net sales in North America declined 38% primarily due to a cyclical slow-down in LTE roll-outs; in Middle East and Africa, net sales declined 30% primarily due to the focus on a specific set of countries, in Latin America net sales declined by 28% primarily due to constrained operator spending and the exit of certain projects in line with Networks' strategy; in Europe net sales declined by 14%, primarily due to contract exits in line with Networks' strategy and operator spending that, on balance, was constrained; in Asia Pacific, net sales declined 12% primarily due to a decline from the height of the LTE network roll-outs in the first quarter of 2013 in Korea and net sales in Greater China increased 25% primarily due to the new TD-LTE network roll-outs.

The sequential decrease of 25% in Networks net sales in the first quarter 2014 reflects a seasonal decrease in sales in both Global Services and Mobile Broadband. The sequential decrease in Global Services was primarily due to a reduction in network implementation and maintenance activity. The decrease in Mobile Broadband net sales was driven by decline in legacy radio technologies. On a regional basis, Networks' net sales decreased sequentially primarily due to Greater China, Middle East & Africa, Asia Pacific and Latin America.

In the first quarter 2014, Global Services represented 46% of Networks net sales, compared to 51% in the first quarter 2013 and 50% in the fourth quarter 2013. In the first quarter 2014, Mobile Broadband represented 54% of Networks net sales, compared to 44% in the first quarter 2013 and 50% in the fourth quarter 2013.

At constant currency, Networks net sales would have decreased 13% year-on-year and decreased 23% sequentially. Excluding the negative effect of foreign currency fluctuations and the divestments of businesses not consistent with its strategic focus, as well as the exiting of certain customer contracts and countries, Networks net sales would have decreased 6% year-on-year and decreased 23% sequentially.

Non-IFRS Gross Margin

On a year-on-year basis, the increase in Networks non-IFRS gross margin in the first quarter 2014 was primarily due to a higher proportion of software sales mainly in Japan, a higher gross margin in Global Services related to significant efficiency improvements as a result of Networks' transformation program, and a higher proportion of Mobile Broadband in the overall sales mix.

On a sequential basis, the increase in Networks non-IFRS gross margin in the first quarter 2014 was primarily due to a higher proportion of software sales mainly in Japan, and a higher proportion of Mobile Broadband in the overall sales mix. The improved margin within Mobile Broadband was primarily due to lower costs in connection with the technology shift to TD-LTE in China.

Non-IFRS Operating Expenses

Networks non-IFRS research and development expenses decreased 9% year-on-year in the first quarter 2014. On a year-on-year basis, non-IFRS research and development expenses were lower primarily due to business divestments and reduced investments in business activities that are not consistent with Networks' focused strategy, as well as increased research and development efficiency, partially offset by higher investments in areas that are consistent with Networks' focused strategy, most notably LTE. On a sequential basis, non-IFRS research and development expenses decreased 7% primarily due to lower accrued incentive expenses which were at an elevated level in the fourth quarter 2013 as well as improved research and development efficiency.

On a year-on-year basis, Networks non-IFRS selling, general and administrative expenses decreased 5% primarily due to structural cost savings from Networks' global restructuring program. On a sequential basis, Networks non-IFRS selling, general and administrative expenses decreased by 11% consistent with seasonally lower net sales and lower accrued incentive expenses which were at an elevated level in the fourth quarter 2013.

Non-IFRS Operating Profit

The year-on-year increase in Networks non-IFRS operating profit in the first quarter 2014 was primarily due to the higher non-IFRS operating profit in Global Services partially offset by a lower non-IFRS operating profit in Mobile Broadband. On a year-on-year basis, the increase in Global Services non-IFRS operating profit was primarily due to higher gross profit. On a year-on-year basis, the decrease in Mobile Broadband non-IFRS operating profit was primarily due to lower gross profit.

The sequential decrease in Networks non-IFRS operating profit in the first quarter 2014 was primarily due to the lower non-IFRS operating profit in Global Services and to a lesser degree a lower non-IFRS operating profit in Mobile Broadband. On a sequential basis, the decrease in Global Services non-IFRS operating profit was primarily due to seasonally lower net sales contributing to lower gross profit partially offset by lower operating expenses. On a sequential basis, the decrease in Mobile Broadband non-IFRS operating profit was primarily due to seasonally lower net sales contributing to lower gross profit partially offset by lower operating expenses.

Networks non-IFRS other income and expenses was an expense of EUR 2 million in the first quarter 2014, compared to an income of EUR 7 million in the first quarter 2013 and an expense of EUR 50 million in the fourth quarter 2013. On a sequential basis Networks non-IFRS other income and expenses was a lower expense due to the absence of the following factors which resulted in elevated expense levels in the fourth quarter 2013: a non-recurring litigation provision, a write down of a VAT receivable, an increase in doubtful account allowances, and asset retirement charges.

Global Restructuring Program (announced in November 2011)

During the first quarter 2014, restructuring related charges were approximately EUR 15 million and the related cash outflows were approximately EUR 110 million. At March 31 2014, since the commencement of the global restructuring program, cumulative restructuring charges amounted to approximately EUR 1 850 million, and cumulative related cash outflows amounted to approximately EUR 1 350 million. We continue to estimate cumulative restructuring related charges and related cash outflows to be approximately EUR 1 950 million and EUR 1 700 million, respectively, by the end of 2014. Changes in estimates of timing or amounts of costs to be incurred and associated cash flows may become necessary as the transformation and restructuring program is being completed.

At the end of the first quarter 2014, Networks had approximately 48 500 employees, a reduction of approximately 8 200 employees compared to the end of the first quarter 2013, and a reduction of approximately 100 employees compared to the end of the fourth quarter 2013.

HERE

The following table sets forth a summary of the results for HERE for the periods indicated, as well as the year-on-year and sequential growth rates.

HERE RESULTS SUMMARY

EUR million