

Nokia takes 40% of mobile market

[Print](#)

By David Ibison in Stockholm

Published: January 24 2008 11:40 | Last updated: January 24 2008 11:40

Nokia, the world's largest mobile phone maker, sold four in every 10 phones globally for the first time at the end of last year, boosting full-year operating profits by 46 per cent to €7.9bn (\$11.6bn).

Shares in the Finnish company soared 14.6 per cent to €23.74, supporting executives' claims that Nokia's performance can defy global economic weakness.

Nokia's growth has been driven by strong sales of cheaper phones to emerging markets such as India and China. Any consequent profit margin compression has been offset by volume gains.

Nokia said its operating profit margin rose from 13.3 per cent in 2006 to 15.6 per cent in 2007 at the same time as net sales rose 24 per cent from €41.1bn to €51bn.

Rick Simonson, chief financial officer, was confident Nokia was well placed to ride out uncertainty in the US, which accounts for 5 per cent of revenues.

Strategy Analytics, a research company, said yesterday Nokia's 40 per cent fourth quarter market share was larger than the combined 35.6 per cent of its three largest rivals, **Motorola**, **Samsung** and Sony Ericsson.

Motorola, the US's largest mobile phone maker, last year lost its position as the world's second largest to Samsung and this week reported an 84 per cent drop in fourth quarter profit to \$100m and forecast a loss in the current quarter.

But Samsung is gaining on its Finnish rival, saying last week that fourth quarter profit from its telecoms business, which includes mobile phones, rose 67 per cent, fuelled by its range of aggressively priced products.

Olli-Pekka Kallasvuo, chief executive, said Nokia was "taking very seriously" assertive statements from Samsung that it wants to compete with Nokia in the global market for phones of less than €30 each.

But he asked: "How low can they go? The sub-€30 market needs extremely big volumes to be competitive and make money, and so far we have defended our position pretty successfully."

While Nokia's unit sales are rising, average prices have in the past declined as it sells a growing number of cheaper phones to less-well-off people. But there were signs of this trend ending as average selling prices in the fourth quarter rose from €82 to €83, helped by growth in sales of higher-end products.

[Copyright](#) The Financial Times Limited 2008