Nokia Eyes Turnaround with New CEO, Dividend

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HELSINKI (AP) — Nokia Corp. reported Tuesday another drop in sales in the troubled devices unit it sold to Microsoft, but its shares rallied as it named a new CEO, promised a special dividend, and prepared to focus on its remaining businesses.

Reporting its last quarter to include cellphones, Nokia said Tuesday that net loss in the period was 239 million euros compared with a loss of 272 million a year earlier. Revenue also fell, to 2.6 billion euros ($3.6 billion) from 3.1 billion euros. Mobile device sales plunged 30 percent to 1.9 billion euros, but Nokia gave no figures for how many Lumia smartphones or tablets it sold.

Nokia said it has appointed Rajeev Suri, the Indian-born former head of Nokia Solutions and Networks, to take over the Finnish company as the new CEO on May 1. The 46-year-old Suri, who joined Nokia in 1995, has been largely credited with a turnaround in the company's networks sector.

Nokia's share price shot up 8 percent to 5.54 euros in Helsinki.

That was also due to plans to invest 5 billion euros to "optimize its capital structure," including to restart paying dividends and distributing "deemed excess capital to shareholders."

The company, which has struggled with the decline of its mobile phones business since it was the world's largest with a 40-percent market share in 2008, will now focus on remaining operations — networks, mapping services and technology development and license — under Suri's leadership.

After the April 25 closing of the 5.44 billion-euro ($7.5 billion) sale of its devices and services division and a license to a portfolio of patents to Microsoft Corp., Nokia said the deal was increased by about 170 million euros because of estimated adjustments made for net working capital and cash earnings.

Suri said the new company will continue expansion of its networks business, which serves 90 of the world's 100 largest operators, and will focus on its mapping services for car navigation systems, where it has an 80 percent market share with its HERE maps.

The technology division will further invest in improving its innovation portfolio and explore new technologies with a team that includes hundreds of scientists and engineers.

"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 Suri, who described Nokia as one of the world's largest software companies.

Nokia, which began as a maker of paper and gum boots in 1865, transformed into a home electronics company before becoming an innovator in the wireless industry from where it moved into mobile telephony. But it was unable to sustain its role as the trendsetter because of tough competition both from the smartphone sector with the likes of Apple Inc.'s iPhone, Samsung Electronics and cheaper phone makers in Asia.

Several Nokia models flopped and the company failed to sense popular trends such as touchscreen models and folding clamshell phones. Its operating systems also lagged behind, particularly compared with Google's popular Android.

In an attempt to reverse the slide, it teamed up with Microsoft in 2011, replacing its old operating system with one based on Windows, but consumers didn't warm to the Windows Lumia handsets.

As part of the Microsoft deal, 25,000 Nokia employees, including 4,700 in Finland, moved over to the U.S. giant, leaving Nokia with 55,300 workers worldwide.

Its headquarters in Espoo, near the Finnish capital Helsinki, was taken over by Microsoft last weekend and the company moved its personnel to a new head office nearby.

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