



Nokia Corporation – FY 2013 Financial Analysis Report

Prepared by: Financial Insights Assistant

Date: June 11, 2025

Period Reviewed: Q4 2013 and Full Year (FY) 2013

Currency: EUR (Million)



Executive Summary

In 2013, Nokia underwent a **major strategic transformation**, shifting its core operations from devices to **network infrastructure, location services, and technology licensing**. The sale of its Devices & Services business to Microsoft marked a turning point.

Despite a **17% YoY decline in net sales**, Nokia significantly **improved its operating profitability**, especially in its Networks segment. This was achieved by aggressive cost control, operational efficiency, and a strong focus on high-margin business units.



Key Financial Performance Summary


Metric	Q4 2013	Q4 2012	FY 2013	FY 2012	YoY Change (FY)
Net Sales (Revenue)	€3,476M	€4,413M	€12,709M	€15,400M	↓ 17%
Operating Profit (Reported)	€274M	€329M	€519M	€344M	↑ 51%
Operating Profit (Non-IFRS)	€408M	€672M	€1,436M	€1,421M	↑ 1%
Net Cash from Operations	€42M	€685M	€1,524M	€1,373M	↑ 11%
Earnings Per Share (EPS)	€0.05	€0.06	€0.21	€-0.17	Turnaround
EPS (Non-IFRS)	€0.08	€0.10	€0.21	€0.13	↑ 62%

Net Cash & Liquid Assets	€2,309M	€4,360M	€2,309M	€4,360M	↓ 47%
--------------------------	---------	---------	---------	---------	-------

Segment-Wise Performance


Nokia Solutions and Networks (NSN)

Metric	Q4 2013	FY 2013	FY 2012	YoY Change
Net Sales	€3,105M	€11,282M	€13,779M	↓ 18%
Operating Profit	€243M	€420M	€168M	↑ 150%
Non-IFRS Operating Margin	11.2%	9.7%	5.7%	↑

 **Insight:** NSN is Nokia's largest and most profitable segment. It achieved higher profit despite lower sales due to restructuring, focus on LTE/4G, and better cost efficiency.


Location Services

Metric	Q4 2013	FY 2013	FY 2012	YoY Change
Net Sales	€254M	€914M	€1,103M	↓ 17%
Operating Profit (Reported)	€-15M	€-152M	€-488M	Loss reduced
Operating Profit (Non-IFRS)	€25M	€46M	€63M	↓ 27%
Non-IFRS Operating Margin	9.8%	5.2%	5.7%	Slight decline

 **Insight:** HERE continues to invest in automotive and enterprise location platforms, with losses narrowing. Long-term strategic value lies in partnerships (e.g., auto sector, smart cities).

Advanced Technologies

Metric	Q4 2013	FY 2013	FY 2012	YoY Change
Net Sales	€121M	€529M	€577M	↓ 8%
Operating Profit	€65M	€310M	€356M	↓ 13%
Non-IFRS Operating Margin	67.8%	62.2%	61.6%	↑

 **Insight:** High-margin IP licensing business. It plays a pivotal role in Nokia's future profit generation through technology and patent monetization.



Total Expenses Estimate

While specific line-item expenses aren't shown, we can estimate:

Total Expenses (approx.) = Net Sales – Operating Profit
For FY 2013: €12,709M – €519M ≈ **€12,190M**



Key Financial Ratios

Ratio	Value (FY 2013)	Commentary
Operating Margin (IFRS)	4.1%	Low, due to lower revenue base
Operating Margin (Non-IFRS)	11.3%	Healthier when excluding one-time restructuring charges
EPS Growth (Non-IFRS)	+62%	Strong signal of per-share profitability improvement
Net Cash Flow Growth	+11%	Shows healthy core operations
Net Cash Reduction	-47%	Indicates investment, payout, or restructuring usage

Financial Trend Analysis

Revenue Trend (FY)

- **Q1–Q3 2013:** Declining trend as Device sales taper off
- **Q4 2013:** 18% QoQ growth → due to seasonal boost and NSN strength
- **FY:** Overall 17% drop YoY in revenue

Profit Trend (FY)

- Operating profit jumped **51% YoY** on the back of:
 - NSN profit margin improvements
 - Reduction in low-margin businesses
 - Cost reductions and restructuring
-

Strategic Direction & Forward Outlook

Strategic Highlights

- **Exited handset business** by selling Devices & Services to Microsoft
- Shift to **enterprise-focused, high-margin operations**
 - Networks (NSN) → 5G/Cloud infrastructure
 - HERE → Location data platform (autonomous vehicles, IoT)
 - Advanced Technologies → IP licensing, future tech R&D

Key Risks

- **Top-line pressure:** Revenue drop continues as legacy businesses wind down
- **Competitive threat:** Ericsson, Huawei in Networks; Google Maps in HERE
- **Cash reserve drop:** 47% reduction limits buffer for aggressive investment

Growth Opportunities

- **5G deployment** worldwide → NSN well-positioned
- **HERE for autonomous vehicles** and smart mapping
- **New licensing streams** from patented innovations (IoT, cloud, AI)

Conclusion (Beginner-Friendly Summary)

- Nokia **sold its phone business** to Microsoft in 2013 and is now focused on building mobile networks, location services (like maps), and earning money from patents.
 - The company **made less money overall** (lower revenue) but became **more profitable** by focusing on the right businesses.
 - Think of it like a shop that stopped selling unprofitable items but started earning more by selling high-quality, high-margin products.
 - It has a good plan for the future, especially with **5G, autonomous vehicles, and technology licensing**.
-



Optional Visual Summary (Text Version)

FY 2013: Revenue vs Profit

Revenue:

2012 ————— €15.4B

2013 ————— €12.7B

Operating Profit:

2012 — €344M

2013 ————— €519M

EPS (Non-IFRS):

2012 — €0.13

2013 ————— €0.21

SUMMARY FINANCIAL INFORMATION

EUR million	Reported and Non-IFRS fourth quarter 2013 results ¹⁻⁴					Reported and Non-IFRS full year 2013 results ¹⁻⁵		
	Q4/13	Q4/12	YoY Change	Q3/13	QoQ Change	2013	2012	YoY Change
Nokia's continuing operations								
Net sales	3 476	4 413	-21%	2 939	18%	12 709	15 400	-17%
Operating profit	274	329	-17%	262	5%	519	-821	
Operating profit (non-IFRS)	408	670	-39%	344	19%	1 436	1 142	26%
EPS, EUR diluted	0.05	0.06	-17%	0.04	25%	0.05	-0.21	
EPS, EUR diluted (non-IFRS)	0.08	0.10	-20%	0.06	33%	0.21	0.13	62%
Net cash from operating activities						1 152	1 930	-40%
Net cash and other liquid assets ⁶	2 309	4 360	-47%	2 413	-4%	2 309	4 360	-47%
Nokia Solutions and Networks								
Net sales	3 105	3 988	-22%	2 592	20%	11 282	13 779	-18%
Mobile Broadband net sales	1 563	1 776	-12%	1 259	24%	5 347	6 043	-12%
Global Services net sales	1 540	1 979	-22%	1 331	16%	5 753	6 929	-17%
Operating profit	243	252	-4%	166	46%	420	-795	
Operating profit (non-IFRS)	349	576	-39%	218	60%	1 089	782	39%
Operating margin %	7.8%	6.3%		6.4%		3.7%	-5.8%	
Operating margin % (non-IFRS)	11.2%	14.4%		8.4%		9.7%	5.7%	
HERE								
Net sales	254	278	-9%	211	20%	914	1 103	-17%
Operating profit	18	-56		14	29%	-154	-301	
Operating profit (non-IFRS)	25	40	-38%	20	25%	48	154	-69%
Operating margin %	7.1%	-20.1%		6.6%		-16.8%	-27.3%	
Operating margin % (non-IFRS)	9.8%	14.4%		9.5%		5.2%	13.9%	
Advanced Technologies								
Net sales	121	151	-20%	140	-14%	529	534	-1%
Operating profit	65	100	-35%	83	-22%	310	325	-5%
Operating profit (non-IFRS)	82	100	-18%	84	-2%	329	329	
Operating margin %	53.7%	66.2%		59.3%		58.6%	60.9%	
Operating margin % (non-IFRS)	67.8%	66.2%		60.0%		62.2%	61.6%	