NOKIA CORP
Form 6-K
July 22, 2010

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 July 22, 2010

Nokia Corporation

Nokia House

Keilalahdentie 4

02150 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 x Form 40-F o

Enclosures:

Nokia stock exchange release dated July 22, 2010: Nokia Q2 2010 net sales EUR 10.0 billion, non-IFRS EPS EUR 0.11 (reported EPS EUR 0.06)

INTERIM REPORT

July 22, 2010 at 13:00 (CET+1)

Nokia Q2 2010 net sales EUR 10.0 billion, non-IFRS EPS EUR 0.11 (reported EPS EUR 0.06)

Nokia operating cash flow of EUR 944 million

Non-IFRS second quarter 2010 results(1),(2)

EUR million	Q2/2010	Q2/2009	YoY Change	Q1/2010	QoQ Change
Net sales	10 005	9 913	1%	9 522	5%
Devices & Services	6 800	6 586	3%	6 663	2%
NAVTEQ	253	148	71%	189	34%
Nokia Siemens Networks	3 039	3 199	-5%	2 718	12%
Operating profit	660	775	-15%	820	-20%
Devices & Services	647	802	-19%	804	-20%
NAVTEQ	50	19	163%	41	22%
Nokia Siemens Networks	51	2		15	
Operating margin	6.6%	7.8%		8.6%	
Devices & Services	9.5%	12.2%		12.1%	
NAVTEQ	19.8%	12.8%		21.7%	
Nokia Siemens Networks	1.7%	0.1%		0.6%	
EPS, EUR Diluted	0.11	0.15	-27%	0.14	-21%

Reported second quarter 2010 results(2)

EUR million	Q2/2010	Q2/2009	YoY Change	Q1/2010	QoQ Change
Net sales	10 003	9 912	1%	9 522	5%
Devices & Services	6 799	6 586	3%	6 663	2%
NAVTEQ	252	147	71%	189	33%
Nokia Siemens Networks	3 039	3 199	-5%	2 718	12%
Operating profit	295	427	-31%	488	-40%
Devices & Services	643	763	-16%	831	-23%
NAVTEQ	-81	-100		-77	
Nokia Siemens Networks	-179	-188		-226	
Operating margin	2.9%	4.3%		5.1%	
Devices & Services	9.5%	11.6%		12.5%	
NAVTEQ	-32.1%	-68.0%		-40.7%	
Nokia Siemens Networks	-5.9%	-5.9%		-8.3%	
EPS, EUR Diluted	0.06	0.10	-40%	0.09	-33%

Note (1) relating to non-IFRS results: *Non-IFRS results exclude 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 Nokia Siemens Networks and ii) all business acquisitions completed after June 30, 2008. More specific information about the exclusions from the* *non-IFRS results may be found in this press release on pages 2-3, 14-16 and 18.*

Nokia believes that these non-IFRS financial measures provide meaningful supplemental information to both management and investors regarding Nokia s 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. A reconciliation of the non-IFRS results to our reported results for Q2 2010 and Q2 2009 can be found in the tables on pages 11-12 and 14-18 of this press release. A reconciliation of our Q1 2010 non-IFRS results can be found on pages 10 and 12-16 of our Q1 2010 Interim Report of April 22, 2010.

Note (2): *Nokia reported net sales were EUR 19 525 million and earnings per share (diluted) were EUR 0.16 for the period from January 1 to June 30, 2010. Further information about the results for the period from January 1 to June 30, 2010 can be found in this press release on pages 9-10, 12, 19-21 and 22.*

SECOND QUARTER 2010 HIGHLIGHTS

- Nokia net sales of EUR 10.0 billion, up 1% year-on-year and 5% sequentially (down 4% and up 2% at constant currency).
- Devices & Services net sales of EUR 6.8 billion, up 3% year-on-year and 2% sequentially (down 2% and 1% at constant currency).
- Services net sales of EUR 158 million, up 7% sequentially; billings of EUR 295 million, up 29% sequentially.
- Nokia total mobile device volumes of 111.1 million units, up 8% year-on-year and 3% sequentially.
- Nokia converged mobile device (smartphone and mobile computer) volumes of 24.0 million units, up 42% year-on-year and 12% sequentially.
- Nokia mobile device ASP (including services revenue) of EUR 61, down from EUR 62 in Q1 2010.

- Devices & Services gross margin of 30.2%, down from 34.0% in Q2 2009 and 32.4% in Q1 2010.
- Devices & Services non-IFRS operating margin of 9.5%, down from 12.2% in Q2 2009 and 12.1% in Q1 2010.
- NAVTEQ non-IFRS net sales of EUR 253 million, up 71% year-on-year and 34% sequentially (up 69% and 30% at constant currency).
- Nokia Siemens Networks net sales of EUR 3.0 billion, down 5% year-on-year and up 12% sequentially (down 11% and up 10% at constant currency).
- Nokia Siemens Networks non-IFRS operating margin of 1.7%, up from 0.1% in Q2 2009 and 0.6% in Q1 2010.
- Nokia operating cash flow of EUR 944 million.
- Total cash and other liquid assets of EUR 9.5 billion at the end of Q2 2010.
- Nokia taxes were unfavorably impacted by Nokia Siemens Networks taxes as no tax benefits are recognized for certain Nokia Siemens Networks deferred tax items. If Nokia s estimated long-term tax rate of 26% had been applied, non-IFRS Nokia EPS would have been approximately half a Euro cent higher.

OLLI-PEKKA KALLASVUO, NOKIA CEO:

Despite facing continuing competitive challenges, we ended the second quarter with several reasons to be optimistic about our future. For one, the global handset market has continued to grow at a healthy pace, led by some of the less mature markets where Nokia is strong. We are also encouraged by the solid second quarter performance of our Mobile Phones business, helped by an improving line-up of affordable models.

In smartphones, we continue to renew our portfolio. We believe that the Nokia N8, the first of our Symbian^3 devices, will have a user experience superior to that of any smartphone Nokia has created. The Nokia N8 will be followed soon thereafter by further Symbian^3 smartphones that we are confident will give the platform broader appeal and reach, and kick-start Nokia s fightback at the higher end of the market.

INDUSTRY AND NOKIA OUTLOOK

- Nokia expects Devices & Services net sales to be between EUR 6.7 billion and EUR 7.2 billion in the third quarter 2010.
- Nokia expects its non-IFRS operating margin in Devices & Services to be between 7% to 10% in the third quarter 2010.
- Nokia and Nokia Siemens Networks expect Nokia Siemens Networks net sales to be between EUR 2.7 billion and EUR 3.1 billion in the third quarter 2010.
- Nokia and Nokia Siemens Networks expect the non-IFRS operating margin in Nokia Siemens Networks to be between -2% and 2% in the third quarter 2010.
- Nokia continues to expect industry mobile device volumes to be up approximately 10% in 2010, compared to 2009 (based on its revised definition of the industry mobile device market applicable beginning in 2010).

- Nokia continues to target its mobile device volume market share to be flat in 2010, compared to 2009.

- Nokia continues to expect its mobile device value market share to be slightly lower in 2010, compared to 2009.

- Nokia continues to target non-IFRS operating expenses in Devices & Services of approximately EUR 5.7 billion in 2010.

- Nokia targets Devices & Services non-IFRS operating margin of 10% to 11% in 2010. This provides quantification in line with the June 16, 2010, revised target for Devices & Services non-IFRS operating margin for 2010 to be at the lower end of, or below, the previous target of 11% to 13%. Nokia continues to expect Devices & Services non-IFRS operating margin during the fourth quarter 2010 to be higher than the currently targeted full year Devices & Services non-IFRS operating margin.

- Nokia and Nokia Siemens Networks continue to expect a flat market in Euro terms for the mobile and fixed infrastructure and related services market in 2010, compared to 2009.

- Nokia and Nokia Siemens Networks now target Nokia Siemens Networks to maintain its market share in 2010. This is an update to Nokia and Nokia Siemens Networks earlier target for Nokia Siemens Networks to grow faster than the market in 2010.

- Nokia and Nokia Siemens Networks continue to target Nokia Siemens Networks to reduce its non-IFRS annualized operating expenses and production overheads by EUR 500 million by the end of 2011, compared to the end of 2009.

- Nokia and Nokia Siemens Networks continue to target Nokia Siemens Networks non-IFRS operating margin of breakeven to 2% in 2010.

SECOND QUARTER 2010 FINANCIAL HIGHLIGHTS

(Comparisons are given to the second quarter 2009 results, unless otherwise indicated.)

<u>The non-IFRS results exclusions</u>

Q2 2010 EUR 365 million consisting of:

- *EUR 114 million restructuring charge and other associated items in Nokia Siemens Networks*

- *EUR 116 million of intangible asset amortization and other purchase price accounting related items arising from the formation of Nokia Siemens Networks*

- *EUR 131 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of NAVTEQ*

- *EUR 4 million of intangible assets amortization and other purchase price related items arising from the acquisition of OZ Communications, Novarra and MetaCarta in Devices & Services*

Q1 2010 EUR 332 million (net) consisting of:

- *EUR 125 million restructuring charge and other associated items in Nokia Siemens Networks.*

- *EUR 29 million gain on sale of assets and a business in Devices & Services.*

- *EUR 116 million of intangible asset amortization and other purchase price accounting related items arising from the formation of Nokia Siemens Networks.*

- *EUR 118 million of intangible asset amortization and other purchase price accounting related items arising from the acquisition of NAVTEQ.*

- *EUR 2 million of intangible assets amortization and other purchase price related items arising from the acquisition of OZ Communications in Devices & Services.*

Q2 2009 EUR 348 million (net) consisting of:

- *EUR 22 million of impairment of intangible assets in Devices & Services*

- *EUR 83 million restructuring charge in Devices & Services*

- *EUR 68 million gain on sale of security appliance business in Devices & Services*

- *EUR 69 million restructuring charge and other associated items in Nokia Siemens Networks*

- *EUR 121 million of intangible assets amortization and other purchase price related items arising from the formation of Nokia Siemens Networks*

- *EUR 119 million of intangible assets amortization and other purchase price related items arising from the acquisition of NAVTEQ*

- *EUR 2 million of intangible assets amortization and other purchase price related items arising from the acquisition of OZ Communications in Devices & Services.*

Non-IFRS results exclude 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 Nokia Siemens Networks and ii) all business acquisitions completed after June 30, 2008.

Nokia Group

Nokia s second quarter 2010 net sales increased 1% to EUR 10.0 billion, compared with EUR 9.9 billion in the second quarter 2009. At constant currency, group net sales would have decreased 4% year-on-year.

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

SECOND QUARTER 2010 NET SALES, REPORTED & CONSTANT CURRENCY(1)

	YoY Change	QoQ Change
Group net sales reported	1%	5%
Group net sales - constant currency(1)	-4%	2%
Devices & Services net sales reported	3%	2%
Devices & Services net sales - constant currency(1)	-2%	-1%
NAVTEQ net sales reported	71%	33%
NAVTEQ net sales - constant currency(1)	69%	30%
Nokia Siemens Networks net sales reported	-5%	12%
Nokia Siemens Networks net sales - constant currency(1)	-11%	10%

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 second quarter 2010 reported operating profit decreased to EUR 295 million, compared with EUR 427 million in the second quarter 2009. Nokia s second quarter 2010 non-IFRS operating profit decreased 15% to EUR 660 million, compared with EUR 775 million in the second quarter 2009. Nokia s second quarter 2010 reported operating margin was 2.9% (4.3%). Nokia s second quarter 2010 non-IFRS operating margin was 6.6% (7.8%).

Operating cash flow for the second quarter 2010 was EUR 944 million. The operating cash flow for the second quarter 2009 was EUR 716 million. Total cash and other liquid assets were EUR 9.5 billion at end of the second quarter 2010, compared with EUR 7.0 billion at the end of the second quarter 2009. At the end of the second quarter 2010, Nokia s net debt-equity ratio (gearing) was 27%, compared with -10% at the end of the second quarter 2009.

Devices & Services

As previously disclosed and discussed below, multiple factors negatively impacted Nokia s Devices & Services business during the second quarter 2010, and we expect this to continue during the third quarter 2010.

Net Sales. Second quarter 2010 Devices & Services net sales increased 3% to EUR 6.8 billion, compared with EUR 6.6 billion in the second quarter 2009. At constant currency, Devices & Services net sales would have decreased 2% year-on-year. The net sales increase resulted primarily from higher volumes in most regions driven by stronger demand, partially offset by an ASP decline, compared to the second quarter 2009. Net sales in the second quarter 2010 were adversely impacted by the competitive environment, particularly in the high end of the market.

The following chart sets out Devices & Services net sales for the periods indicated, as well as the year-on-year and sequential growth rates, by geographic area.

DEVICES & SERVICES NET SALES BY GEOGRAPHIC AREA

(EUR million)	Q2/2010	Q2/2009	YoY Change	Q1/2010	QoQ Change
Europe	2 173	2 158	1%	2 186	-1%
Middle East & Africa	934	1 038	-10%	1 005	-7%
Greater China	1 373	1 136	21%	1 458	-6%
Asia-Pacific	1 543	1 568	-2%	1 363	13%
North America	223	264	-16%	219	2%
Latin America	553	422	31%	432	28%
Total	**6 799**	**6 586**	**3%**	**6 663**	**2%**

Of our total Devices & Services net sales, services contributed EUR 158 million in the second quarter 2010, compared with EUR 148 million in the first quarter 2010. Services billings in the second quarter 2010 were EUR 295 million, compared with EUR 228 million in the first quarter 2010. Due to the divestment of the security appliance business in April 2009, services net sales of EUR 140 million and billings of EUR 207 million in the second quarter 2009 are not directly comparable to services net sales and billings in the second quarter 2010.

The following chart sets out our Devices & Services net sales for the periods indicated, as well as the year-on-year and sequential growth rates, by category.

DEVICES & SERVICES NET SALES BY CATEGORY

(EUR million)	Q2/2010	Q2/2009(3)	YoY Change(3)	Q1/2010	QoQ Change
Mobile phones(1)	3 369	3 514	-4%	3 325	1%

Converged mobile devices(2)	3 429	3 064	12%	3 338	3%
Total	**6 799**	**6 586**	**3%**	**6 663**	**2%**

Note (1): *Series 30 and Series 40-based devices ranging from basic mobile phones focused on voice capability to devices with a number of additional functionalities, such as Internet connectivity, including the services and accessories sold with them.*

Note (2): *Smartphones and mobile computers, including the services and accessories sold with them.*

Note (3): *Does not include the net sales of the security appliance business that was divested in April 2009.*

Volume and Market Share. In the second quarter 2010, the total mobile device volumes of Devices & Services were 111.1 million units, representing an increase of 8% year-on-year and 3% sequentially. The overall industry mobile device volumes for the same period were 338 million units based on Nokia s preliminary estimate, representing an increase of 14% year-on-year and 5% sequentially. Nokia s preliminary estimated mobile device market share was 33% in the second quarter 2010, down from an estimated 35% in the second quarter 2009 and unchanged from an estimated 33% in the first quarter 2010 (based on Nokia s revised definition of the industry mobile device market share applicable beginning in 2010 and applied retrospectively to 2009 for comparative purposes only).

Of the total industry mobile device volumes, converged mobile device industry volumes in the second quarter 2010 increased to 59.0 million units, based on Nokia s preliminary estimate, compared with an estimated 41.0 million units in the second quarter 2009 and 52.6 million units in the first quarter 2010. Our own converged mobile device volumes, comprising our smartphones and mobile computers, were 24.0 million units in the second quarter 2010, an increase of 42% compared with 16.9 million units in the second quarter 2009 and 12% compared with 21.5 million units in the first quarter 2010. Nokia s preliminary estimated share of the converged mobile device market was 41% in the second quarter 2010, compared with an estimated 41% in the second quarter 2009 and an estimated 41% in the first quarter 2010.

The following chart sets out our mobile device volumes for the periods indicated, as well as the year on-year and sequential growth rates, by geographic area.

DEVICES & SERVICES MOBILE DEVICE VOLUME BY GEOGRAPHIC AREA

(million units)	Q2/2010	Q2/2009	YoY Change	Q1/2010	QoQ Change
Europe	26.1	23.3	12%	23.9	9%
Middle East & Africa	21.0	18.9	11%	22.2	-5%
Greater China	19.3	18.6	4%	21.1	-9%
Asia-Pacific	30.8	30.3	2%	29.2	5%
North America	2.6	3.2	-19%	2.7	-4%
Latin America	11.2	8.9	26%	8.7	29%
Total	**111.1**	**103.2**	**8%**	**107.8**	**3%**

Nokia s 8% year-on-year increase in global mobile device volumes was primarily driven by an improved demand environment as economic conditions had improved in most regions compared with the difficult economic conditions of the second quarter 2009. This improvement was offset to some extent by lower demand for our mobile devices in North America. On a sequential basis, Nokia s 3% increase in global mobile device volumes primarily reflected a seasonal increase in demand in Latin America, Europe and Asia-Pacific offset to some extent by a seasonal decrease in demand in Greater China and by lower demand for our mobile devices in Middle East & Africa and North America.

Average Selling Price. Our mobile device average selling price (ASP) in the second quarter 2010 was EUR 61, down from EUR 64 in the second quarter 2009 and from EUR 62 in the first quarter 2010 (including services revenue applied retrospectively to 2009 for comparative purposes only). The lower year-on-year ASP was primarily due to a higher proportion of lower-priced converged mobile device sales and price pressure, particularly in certain high-end smartphones, offset to some extent by converged mobile devices representing a greater proportion of our overall mobile device volumes in the second quarter 2010. On a sequential basis, our lower ASP was primarily driven by price pressure, particularly in certain high-end smartphones, offset to some extent by the appreciation of certain currencies against the Euro and converged mobile devices representing a greater proportion of our overall mobile device volumes in the second quarter 2010. Our converged mobile device ASP in the second quarter 2010 was EUR 143, down from EUR 155 in the first quarter 2010 and EUR 181 in the second quarter 2009. The year-on-year and sequential declines in our converged mobile devices ASPs were mainly driven by an increase in the proportion of such devices sold at lower price points consistent with our strategy to reach wider groups of consumers, as well as price pressure in certain high-end smartphones in the second quarter 2010.

The following chart sets out our Devices & Services ASP for the periods indicated, as well as the year-on-year and sequential growth rates, by category.

DEVICES & SERVICES AVERAGE SELLING PRICE BY CATEGORY

(EUR)	Q2/2010	Q2/2009	YoY Change	Q1/2010	QoQ Change
Mobile phones(1)	39	41	-5%	39	0%
Converged mobile devices(2)	143	181	-21%	155	-8%
Total	**61**	**64**	**-4%**	**62**	**-1%**

Note (1): *Series 30 and Series 40-based devices ranging from basic mobile phones focused on voice capability to devices with a number of additional functionalities, such as Internet connectivity, including the services and accessories sold with them.*

Note (2): *Smartphones and mobile computers, including the services and accessories sold with them.*

Profitability. Devices & Services gross profit (reported and non-IFRS) decreased 8% to EUR 2.1 billion, compared with EUR 2.2 billion in the second quarter 2009, with a gross margin (reported and non-IFRS) of 30.2% (34.0%). Devices &

Services gross margin (reported and non-IFRS) was 32.4% in the first quarter 2010. The year-on-year and sequential gross margin declines were primarily due to price pressure, particularly in certain high-end smartphones, offset to some extent by converged mobile devices representing a greater proportion of our overall mobile device volumes in the second quarter 2010, compared to the second quarter 2009 and first quarter 2010. Sequentially, the gross margin decline was also due to the depreciation of the Euro against certain currencies, which led to higher cost of goods sold, and our foreign exchange hedging having a smaller positive one-quarter impact on the gross margin, as well as a mix shift towards sales of lower-gross margin converged mobile devices. During the latter part of the second quarter 2010, Devices & Services net sales and cost of goods sold were somewhat negatively impacted by industry-wide shortages of certain components and we see this situation continuing through the third quarter 2010.

Devices & Services reported operating profit decreased 16% to EUR 643 million, compared with EUR 763 million in the second quarter 2009, with a reported operating margin of 9.5% (11.6%). Devices & Services non-IFRS operating profit decreased 19% to EUR 647 million, compared with EUR 802 million in the second quarter 2009, with a non-IFRS operating margin of 9.5% (12.2%). The 19% year-on-year decrease in non-IFRS operating profit for the second quarter 2010 was driven primarily by the lower gross margin. Our operating expenses in the second quarter 2010 were also adversely impacted by the depreciation of the Euro against certain currencies, compared to the second quarter 2009.

Nokia will deliver a family of smartphones based on the Symbian^3 software platform that is targeted to offer a clearly improved user experience, a high standard of quality, and competitive value to consumers. We plan to start shipping the Nokia N8, the first Symbian^3 device, towards the end of the third quarter 2010. The Nokia N8 will be followed soon thereafter by further Symbian^3 smartphones that will give the platform broader appeal and reach.

NAVTEQ

***Net Sales*.** Second quarter 2010 NAVTEQ reported net sales increased 71% year-on-year to EUR 252 million, compared with EUR 147 million in the second quarter 2009, benefiting from improved conditions in the automotive industry and growth in mobile device sales. At constant currency, NAVTEQ net sales would have increased 69% year-on-year.