NOKIA CORP
Form 6-K
June 03, 2013

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 June 3, 2013

(Commission File No. 1-13202)

Nokia Corporation

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

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):

Yes: o **No**: x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes: o **No**: x

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: o **No**: x

Enclosures:

Nokia Siemens Networks press release dated May 6, 2013: Nokia Siemens Networks transfers its Optical Networks business to Marlin Equity Partners

Nokia Siemens Networks Q1 interim report dated May 8, 2013: Nokia Siemens Networks Q1 2013 Interim Report. Solid operating profit, cash generation and financial position

Nokia press release dated May 9, 2013: Nokia Asha Platform Unlocks Sub-100 USD Smartphone Opportunity for Developers

Press Statement

Espoo, Finland May 6, 2013

Nokia Siemens Networks transfers its Optical Networks business to Marlin Equity Partners

On May 6, 2013 the Optical Networks business of Nokia Siemens Networks along with approximately 1 300 employees transferred to Coriant, a recently established optical networking company owned by Marlin Equity Partners. Additional approximately 450 Optical Networks employees are expected to transfer to Coriant by the end of 2013.

Plans for this transaction were originally announced in December 2012.

About Nokia Siemens Networks

Nokia Siemens Networks is the world s specialist in mobile broadband. From the first ever call on GSM, to the first call on LTE, we operate at the forefront of each generation of mobile technology. Our global experts invent the new capabilities our customers need in their networks. We provide the world s most efficient mobile networks, the intelligence to maximize the value of those networks, and the services to make it all work seamlessly.

With headquarters in Espoo, Finland, we operate in over 120 countries and had net sales of approximately 13.4 billion euros in 2012. http://www.nokiasiemensnetworks.com

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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) the expected plans and benefits of our partnership with Microsoft to bring together complementary assets and expertise to form a global mobile ecosystem for smartphones; B) the timing and expected benefits of our strategies, including expected operational and financial benefits and targets as well as changes in leadership and operational structure; C) the timing of the deliveries of our products and services; D) our ability to innovate, develop, execute and commercialize new technologies, products and services; E) expectations regarding market developments and structural changes; F) expectations and targets regarding our industry volumes, market share, prices, net sales and margins of our products and services; G) expectations and targets regarding our operational priorities and results of operations; H) expectations and targets regarding collaboration and partnering arrangements; I) the outcome of pending and threatened litigation, regulatory proceedings or investigations by authorities; J) expectations regarding the successful completion of restructurings, investments, acquisitions and divestments on a timely basis and our ability to achieve the financial and operational targets set in connection with any such restructurings, investments, acquisitions and divestments; and K) statements preceded by believe, expect, anticipate, foresee, target, estimate, designed, aim , plans, intends, will or similar expressions 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 make the Windows Phone ecosystem a competitive and profitable global ecosystem that achieves sufficient scale, value and attractiveness to relevant market participants, making

Nokia Siemens Networks

Media Relations

PO Box 1

FI-02022 Nokia Siemens Networks

Nokia products with Windows Phone a competitive choice for consumers; 2) our success in the smartphone market, including our ability to introduce and bring to market quantities of attractive, competitively priced Nokia products with Windows Phone that are positively differentiated from our competitors products, both outside and within the Windows Phone ecosystem; 3) our ability to produce attractive and competitive devices in our Mobile Phones business unit, including feature phones and devices with features such as full touch that can be categorized as smartphones, in a timely and cost efficient manner with differentiated hardware, software, localized services and applications; 4) the success of our HERE strategy, including our ability to establish a successful location-based platform and extend our location-based services across devices and operating systems; 5) our ability to provide support for our Devices & Services business and maintain current and create new sources of revenue from our location-based service and commerce assets; 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 to maintain the existing sources of intellectual property related revenue and establish new such sources; 8) the intensity of competition in the various markets where we do business and our ability to maintain or improve our market position or respond successfully to changes in the competitive environment; 9) our ability to keep momentum and increase our speed of innovation, product development and execution in order to bring new innovative and competitive mobile products and location-based or other services to the market in a timely manner; 10) the success of our partnership with Microsoft in connection with the Windows Phone ecosystem; 11) our ability to effectively and smoothly implement the planned changes in our operational structure and achieve targeted efficiencies and reductions in operating expenses; 12) our ability to retain, motivate, develop and recruit appropriately skilled employees; 13) our dependence on the development of the mobile and communications industry, including location-based and other services industries, in numerous diverse markets, as well as on general economic conditions globally and regionally; 14) our ability to maintain and leverage our traditional strengths in the mobile products market, especially if we are unable retain the loyalty of our mobile operator and distributor customers and consumers as a result of the implementation of our strategies or other factors; 15) the performance of the parties we partner and collaborate with, including Microsoft and our ability to achieve successful collaboration or partnering arrangements; 16) our ability to deliver our mobile products profitably, in line with quality requirements and on time, especially if the limited number of suppliers we depend on, many of which are geographically concentrated with a majority based in Asia, fail to deliver sufficient quantities of fully functional products, components, sub-assemblies, software and services on favorable terms and in compliance with our supplier requirements; 17) our ability to manage efficiently our manufacturing and logistics, as well as to ensure the quality, safety, security and timely delivery of our products and services; 18) any actual or even alleged defects or other quality, safety and security issues in our products; 19) any inefficiency, malfunction or disruption of a system or network that our operations rely on; 20) the impact of cybersecurity breach or other factors leading to an actual or alleged loss, improper disclosure or leakage of any personal or consumer data collected by us or our partners or subcontractors, made available to us or stored in or through our products; 21) our ability to successfully manage the pricing of our products and costs related to our products and our operations; 22) 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; 23) 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; 24) our ability to protect the technologies, which we or others develop or which we license, from claims that we have infringed third parties intellectual property rights, as well as our unrestricted use on commercially acceptable terms of certain technologies in our product and services; 25) the impact of economic, regulatory, political or other development on our sales, manufacturing facilities and assets located in emerging market countries as well as the impact of regulations against imports to those countries; 26) the impact of changes in and enforcement of government policies, technical standards, trade policies, laws or regulations in countries where our assets are located and where we do business; 27) investigations or claims by contracting parties in relation to exits from countries, areas or contractual arrangements; 28) unfavorable outcome of litigation, regulatory proceedings or investigations by authorities; 29) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices, and the lawsuits and publicity related to them, regardless of merit; 30) Nokia Siemens Networks success in the mobile broadband infrastructure and related services market and its ability to effectively, profitably and timely adapt business and operations to the diverse needs of its customers; 31) Nokia Siemens Networks ability to maintain and improve its market position and respond successfully to changes and competition in the mobile broadband infrastructure and related services market; 32) Nokia Siemens Networks success in implementing its restructuring plan and reducing its operating expenses and other costs; 33) Nokia Siemens Networks ability to invest in and timely introduce new competitive products, services, upgrades and technologies; 34) Nokia Siemens Networks dependence on limited number of customers and large, multi-year contracts; 35) Nokia Siemens Networks liquidity and its ability to meet its working capital requirements, including access to available credit under its financing arrangements and other credit lines as well as cash at hand; 36) the management of Nokia Siemens Networks customer financing exposure; 37) whether ongoing or any additional governmental investigations of alleged violations of law by some former employees of Siemens may involve and affect the carrier-related assets and employees transferred by Siemens to Nokia Siemens Networks; 38) any impairment of Nokia Siemens Networks customer relationships resulting from ongoing or any additional governmental investigations involving the Siemens carrier-related operations transferred to Nokia Siemens Networks, as well as the risk factors specified on pages 12-47 of Nokia s annual report on Form 20-F for the year ended December 31, 2012 under Item 3D. Risk Factors. Other unknown or unpredictable factors or underlying assumptions subsequently proving 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.

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PRESS RELEASE

May 9, 2013

Nokia Asha Platform Unlocks Sub-100 USD Smartphone Opportunity for Developers

New Asha platform delivers developers a consistent quality application experience in the world s fastest growing smartphone category

New Delhi, India and Espoo, Finland Nokia today announced a global initiative to unlock the sub-100 USD smartphone market for developers with the release of its Nokia Asha platform. Nokia also announced the Nokia Asha 501, the first smartphone built for the new platform.

Developers who write applications for the Nokia Asha 501 will reach all smartphones based on the new Asha platform without having to re-write code. Nokia expects to sell 100 million of the new generation Asha smartphones over the coming years, beginning with the Nokia Asha 501.

We ve seen a tremendous increase in consumer demand for apps for our Asha smartphones, as witnessed by the growth of downloads in Nokia Store, said Marco Argenti, head of Developer Experiences at Nokia. Consumers expect quality apps at every price point. With the new Asha platform, developers will be incentivized to deliver those quality apps, previously found only on high-end smartphones, thanks to unprecedented volumes and reach opportunities through one distribution channel and a single platform.

Many of the most popular applications are already available or in development for the Nokia Asha platform, including CNN, eBuddy, ESPN, Facebook, Foursquare, Line, LinkedIn, Nimbuzz, Pictelligent, The Weather Channel, Twitter, WeChat, World of Red Bull and games from Electronic Arts, Gameloft, Indiagames, Namco-Bandai and Reliance Games. WhatsApp and other key partners continue to explore new Asha.

Developers will also get easy-to-use development tools and more ways to sell and promote apps, including the new Nokia In-App Payment tool.

New Nokia Asha SDK 1.0 and Nokia Asha web app tools

The new Nokia Asha Software Development Kit 1.0 is a suite of tools that support the development, testing, packaging and deployment of Java apps on the Nokia Asha platform.

The new Nokia Asha web app tools include a Web Development Environment (WDE), an integrated development environment (IDE) that developers can use to create and edit their Nokia Asha web apps; Web Inspector to help developers to debug and inspect elements in their web apps; and a new Web Designer Tool for creating great user experience for their web apps.

Nokia In-App Payment

Nokia also announced the new Nokia In-App Payment tool, designed to make it easier for developers to sell content from within their apps. It provides a simple and secure purchase experience for consumers and transparent payments for developers. Nokia In-App Payment will also be available for existing Asha and Series 40 phones, such as the Nokia 301. Nokia will release a public beta of Nokia In-App Payment in the coming weeks. Developers can sign-up for the beta athttp://www.developer.nokia.com/inapppayment.

Developers voice support for new Nokia Asha platform

Dennis Crowley, CEO and co-founder of Foursquare: *Nokia continues to be a valued partner for Foursquare. The new Foursquare app on Asha delivers a fantastic search and discovery experience to help people make the most of where they are. As we head into the next wave of new Asha smartphones, we look forward to making Foursquare available for millions of Asha customers around the world.*

Michael Fisher, Director of Mobile Business Development, Twitter: *Twitter s integration into the new Asha platform, along with preloaded Twitter application that ships on Nokia devices, offers people a richer Twitter experience. Whether you want to share a photo or news article, connect with people or find out what s* *happening around the world, it s now easier than ever to use Twitter on this family of devices.*

Sebastien Thevenet, General Manager SEA-Pacific, Gameloft: *As Nokia s long term partner, with to date 200 million downloads recorded on Nokia Store, Gameloft is thrilled to offer four preloaded high quality games on the Nokia Asha 501 at launch (Assassin s Creed 3, Bubble Bash 3, Real Football 2013, Little Big City) and overall more than 30 games to download on Nokia Store down the track. Those innovative titles are Try and Buy and Free to Play games making the most of Asha Full Touch capabilities and unique user interface, truly bringing a smartphone gaming experience at your fingertips.*

Akira Morikawa, CEO of Line Corporation: *Line s partnership with Nokia is very important and it will continue on new Asha. Delivering Line on new Asha represents our commitment of ensuring that people around the world will experience the joy of communication through Line on Asha smartphones.*

Manish Agarwal, CEO, Reliance Games: *Reliance Games and Nokia have together demonstrated the combined power of localized content and a distribution platform in India. Our partnership with Nokia is a very cherished partnership for us to demonstrate the power of GoLocal. Reliance Games is committed to develop games on localized themes on the new Asha platform and entertain millions of people around the world by working closely with local Nokia teams in India, Asia Pacific, Latin America and other growth markets.*

Keshav Bajaj, VP Business Development, Nimbuzz: *Most of the 150 million and counting Nimbuzz users are from markets where Nokia Asha continues to gain momentum, including India, South East Asia, Middle East and Africa. We are very excited to have an application exclusively built for the new Asha platform to ensure the best user experience. This is yet another initiative from Nimbuzz for one of its most exclusive partners, Nokia.*

Alex Adjadj, Director of Strategic Development, Mobile Sales & Marketing, Namco-Bandai: *NAMCO BANDAI has been developing mobile games for over 10 years but there are still regions of the world where users haven t seen or played PAC-MAN. Our 22 titles available in 13 languages for the Nokia Asha 501 is a testament to our commitment to Nokia to bring a great experience to mobile users of all demographics and budgets.*

Ramesh Kumar, Head of ESPNcricinfo and ESPN Digital Media India: *Given the popularity of Asha devices, the ESPNcricinfo app on the Asha 2013 platform is a dynamic way to reach growing numbers of mobile users in emerging markets. It is a rich platform where the ESPNcricinfo app can provide comprehensive cricket coverage tailored to suit on-the-go consumption of today s passionate fans, including its famed match coverage, the latest news stories, insightful editorial pieces covering International & domestic cricket all tailor-made for mobile consumption.*

FORWARD-LOOKING STATEMENTS

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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 make the Windows Phone ecosystem a competitive and profitable global ecosystem that achieves sufficient scale, value and attractiveness to relevant market participants, making Nokia products with Windows Phone a competitive choice for consumers; 2) our success in the smartphone market, including our ability to introduce and bring to market quantities of attractive, competitively priced Nokia products with Windows Phone that are positively differentiated from our competitors products, both outside and within the Windows Phone ecosystem; 3) our ability to produce attractive and competitive devices in our Mobile Phones business unit, including feature phones and devices with features such as full touch that can be categorized as smartphones, in a timely and cost efficient manner with differentiated hardware, software, localized services and applications; 4) the success of our HERE strategy, including our ability to establish a successful location-based platform and extend our location-based services across devices and operating systems; 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About Nokia

Nokia is a global leader in mobile communications whose products have become an integral part of the lives of people around the world. Every day, more than 1.3 billion people use their Nokia to capture and share experiences, access information, find their way or simply to speak to one another. Nokia s technological and design innovations have made its brand one of the most recognized in the world. For more information, visit http://www.nokia.com/about-nokia.

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www.nokia.com

INTERIM REPORT

Espoo May 8, 2013.

Nokia Siemens Networks Q1 2013 Interim Report

Solid operating profit, cash generation and financial position

Q1 2013 Financial Highlights:

- In the first quarter 2013, Nokia Siemens Networks delivered a solid operating margin before specific items* of 7.4%, due to strong execution of Nokia Siemens Networks focused strategy. Operating margin before specific items* was -4.4% in the first quarter 2012 and 15.0% in the seasonally strong fourth quarter 2012. This marks the fourth consecutive quarter of positive operating margin before specific items*.

- Gross margin before specific items* was 33.8% in the first quarter 2013, an improvement of 7.2 percentage points from the first quarter 2012 and a decline of 2.2 percentage points from the fourth quarter 2012. The year-on-year improvement was primarily driven by Nokia Siemens Networks transformation and restructuring program. The sequential decline was primarily due to seasonality and the absence of IPR income of approximately EUR 30 million that was recognized in the fourth quarter 2012.

- Operating expenses before specific items* in the first quarter 2013 were EUR 717 million, down from EUR 888 million in the first quarter 2012 and down from EUR 812 million in the fourth quarter 2012. On a year-on-year basis, the decline was primarily due to the successful execution of our transformation and restructuring program. On a sequential basis, the decline was primarily due to seasonality and lower incentive expenses.

- First quarter 2013 reported net sales of EUR 2 717 million declined 5.1% year-on-year. Excluding businesses divested and the exiting of certain customer contracts and countries, net sales were approximately flat year-on-year on a constant currency basis. Compared to the fourth quarter 2012, reported net sales declined 29.8%, primarily due to seasonality.

- Continued solid cash generation, with free cash flow of EUR 239 million in the first quarter 2013, compared to EUR 291 million in the first quarter 2012 and EUR 733 million in the fourth quarter 2012, further strengthening Nokia Siemens Networks financial position.

- In March 2013, Nokia Siemens Networks Finance B.V. issued EUR 800 million Senior Notes giving Nokia Siemens Networks a more solid long-term financial structure. Nokia Siemens Networks ended the first quarter 2013 with gross cash of EUR 2.8 billion and net cash of EUR 1.5 billion.

Rajeev Suri, Chief Executive Officer of Nokia Siemens Networks:

The Q1 2013 results demonstrate that we are executing well on our strategy and our turnaround is on track. We have fundamentally improved execution capabilities across the organization, through steps such as centralization of pricing, shifting to global delivery of services, and strengthening contract management. As a result, we have built an organization that can deliver strong operating profitability even in a quarter with seasonally lower revenues. In addition, our strong position in LTE demonstrates the power of our focus on both innovation and quality.

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* The before specific items financial measures exclude specific items for all periods: restructuring charges, country/contract exit charges, purchase price accounting related charges and other one-time charges. For an analysis of specific items, refer to page 16 of this report.

Operating and Financial Review

Financial results

The figures presented in this Interim Report may differ from those reported earlier by Nokia Corporation (Nokia) due to the treatment of discontinued operations and certain accounting presentation differences, including segment reporting. For standalone financial reporting purposes, we currently have two reportable segments: Mobile Broadband and Global Services. Accordingly, we provide detailed disclosure of certain financial information for these reportable segments. For Nokia financial reporting purposes, we represent one reportable segment.

The following table sets forth our consolidated income statement for the first quarter 2013, the first quarter 2012 and the fourth quarter 2012.

	Q1/2013			Q1/2012			Q4/2012		
Unaudited	**Before specific items EURm**	**Specific items EURm**	**Total EURm**	**Before specific items EURm**	**Specific items EURm**	**Total EURm**	**Before specific items EURm**	**Specific items EURm**	**Total EURm**
Net sales	2 717		**2 717**	2 862		**2 862**	3 869		**3 869**
Cost of sales	(1 798)	(20)	**(1 818)**	(2 100)	(348)	**(2 448)**	(2 476)	(196)	**(2 672)**
Gross profit	919	(20)	**899**	762	(348)	**414**	1 393	(196)	**1 197**
Research and development expenses	(436)	(8)	**(444)**	(521)	(159)	**(680)**	(475)	(7)	**(482)**
Selling and marketing expenses	(183)	(64)	**(247)**	(236)	(206)	**(442)**	(215)	(60)	**(275)**
Administrative and general expenses	(105)	(42)	**(147)**	(136)	(121)	**(257)**	(106)	(40)	**(146)**
Other income	47	2	**49**	15		**15**	18		**18**
Other expenses	(40)	(60)	**(100)**	(10)	(29)	**(39)**	(34)	(22)	**(56)**
Operating profit/(loss)	202	(192)	**10**	(126)	(863)	**(989)**	581	(325)	**256**
Share of results of associates			**2**						**4**
Financial income			**3**			**4**			**5**
Financial expenses			**(29)**			**(31)**			**(31)**
Other financial results			**(49)**			**(79)**			**(53)**
Loss before tax			**(63)**			**(1 095)**			**181**
Income tax expense			**(73)**			**(189)**			**(88)**
Loss for the period from continuing operations			**(136)**			**(1 284)**			**93**
Discontinued operations									
Loss for the period from discontinued operations			**(7)**			**(16)**			**(6)**
Loss for the period			**(143)**			**(1 300)**			**87**
Attributable to:									
Equity holders of the parent			**(145)**			**(1 304)**			**82**
Non-controlling interests			**2**			**4**			**5**
			(143)			**(1 300)**			**87**

The historical comparative financials presented in this Interim Report include certain changes to previously reported information. These changes result from the retrospective application of a revised International Accounting Standard, IAS 19, Employee Benefits and mainly relate to the consolidated Statement of Comprehensive Income and the Statement of Financial Position. For more information on the adjustments between the previously reported information and the adjusted information, refer to Note 9, Pensions of the Unaudited Condensed Interim Consolidated Financial Statements.

Specific items include restructuring charges, country/contract exit charges, purchase price accounting (PPA) related charges and other one-time charges. For an analysis of specific items, refer to page 16 of this report.

At December 31, 2012 Optical Networks was classified as a disposal group held for sale and is presented as discontinued operations on a separate income statement line, Loss for the period from discontinued operations. Comparative information for the first quarter 2012 has been re-presented as discontinued operations in the income statement.

Key financials

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

From continuing operations **Unaudited** **EURm, except percentage data**	**Q1/2013**	**Q1/2012**	**YoY change**	**Q4/2012**	**QoQ change**
Net sales	2 717	2 862	(5.1)%	3 869	(29.8)%
Gross profit	899	414	117.1%	1 197	(24.9)%
Gross profit before specific items	919	762	20.6%	1 393	(34.0)%
Gross margin before specific items	33.8%	26.6%	7.2pp	36.0%	(2.2)pp
Operating expenses	(889)	(1 403)	(36.6)%	(941)	5.5%
Operating expenses before specific items	(717)	(888)	(19.3)%	(812)	11.7%
Operating profit/(loss) (EBIT)	10	(989)	101.0%	256	(96.1)%
EBIT before specific items	202	(126)	260.3%	581	(65.2)%
EBIT before specific items margin	7.4%	(4.4)%	11.8pp	15.0%	(7.6)pp
(Loss)/profit for the period	(136)	(1 284)	89.4%	93	(246.2)%
Depreciation and amortization (excluding PPA)	58	76	(23.7)%	61	(4.9)%
EBITDA before specific items(1)	260	(50)	620.0%	642	(59.5)%
EBITDA before specific items margin(1)	9.6%	(1.7)%	11.3pp	16.6%	(7.0)pp

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(1) References to EBITDA are to profit/loss for the period from continuing operations, before income tax expense, financial income and expenses, depreciation, amortization and share of results of associates. Accordingly, EBITDA can be extracted from the Consolidated Financial Statements by taking loss for the period and adding back income tax expense, financial income and expenses, depreciation, amortization and share of results of associates.

We are not presenting EBITDA or EBITDA-based measures as measures of our results of operations. EBITDA and EBITDA-based measures have important limitations as an analytical tool, and they should not be considered in isolation or as substitutes for analysis of our results of operations.

Percentage point changes are denoted by pp in the above table.

Net sales

The year-on-year decrease of 5.1% in our net sales in the first quarter 2013 was primarily due to divestments of businesses in 2012 not consistent with our strategic focus as well as the exiting of certain customer contracts. Excluding these two factors, our net sales in the first quarter 2013 declined by approximately 1% year-on-year and were approximately flat on a constant currency basis* in the first quarter 2013 compared to the first quarter 2012.

Net sales related to our Global Services business declined year-on-year by 7.5% and were partially offset by higher net sales in Mobile

Broadband. The year-on-year decline in Global Services was primarily due to lower net sales in Professional Services and Care. The year-on-year increase in Mobile Broadband was primarily due to higher LTE net sales partially offset by lower GSM, WCDMA, Voice and IP transformation net sales.

The sequential decrease of 29.8% in our net sales in the first quarter 2013 was primarily due to lower sales of both Mobile Broadband and Global Services consistent with industry seasonality as well as the absence of IPR income of approximately EUR 30 million that was recognized in the fourth quarter 2012.

Gross margin

On a year-on-year basis, the increase of 7.2 percentage points in our gross margin before specific items in the first quarter 2013 was primarily due to a higher gross margin in Mobile Broadband and Global Services, as well as a higher proportion of Mobile Broadband within the total sales mix. On a sequential basis, the decrease of 2.2 percentage points in our gross margin before specific items in the first quarter 2013 was due to a lower gross margin in Global Services as well as the absence of IPR income of approximately EUR 30 million that was recognized in the fourth quarter 2012, partially offset by higher gross margin in Mobile Broadband.

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* Excluding the impact of changes in exchange rates in comparison to the Euro, our reporting currency.

Operating expenses

Our research and development (R&D) expenses before specific items decreased 16.3% year-on-year in the first quarter 2013. This decrease was primarily due to reduced investments in business activities that are not consistent with our focused strategy as well as increased R&D efficiency, resulting from the transformation and restructuring program and streamlining of our roadmaps. These cost improvements were partially offset by investments in areas that are consistent with our focused strategy, most notably LTE. Sequentially, our R&D expenses before specific items decreased 8.2% primarily due to lower incentive expenses.

Year-on-year, our selling and marketing expenses before specific items decreased 22.5% in the first quarter 2013 primarily due to structural cost savings. On a sequential basis, our selling and marketing expenses before specific items decreased 14.9% in the first quarter 2013 primarily due to lower incentive expenses and seasonally lower marketing spend.

Our administrative and general expenses before specific items decreased 22.8% year-on-year in the first quarter 2013 primarily due to structural cost savings. On a sequential basis, our administrative and general expenses before specific items were flat.

Our other income and expenses before specific items for the first quarter 2013 was income of EUR 7 million, compared to income of EUR 5 million in the first quarter 2012 and an expense of EUR 16 million in the fourth quarter 2012. On a sequential basis, this was primarily due to a negative impact, on a net basis, related to foreign currency fluctuations.

Operating margin

The year-on-year increase of 11.8 percentage points in our operating margin before specific items in the first quarter 2013 was primarily due to our enhanced gross margin and lower operating expenses in absolute terms as well as a percentage of net sales. The sequential decrease of 7.6 percentage points in our operating margin before specific items in the first quarter 2013 was primarily due to higher operating expenses as a percentage of net sales and lower gross margin.