

Beat: Business

Microsoft to buy Nokia's phone unit for \$7.17 billion

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USPA News - Technology giant Microsoft Corp. is buying Nokia's mobile phone business and a portfolio of patents and mapping services, the companies announced on Tuesday, in an attempt by Microsoft to compete directly with companies such as Apple and Google. The companies said the board of directors for both companies approved the agreement, under which Microsoft will pay \$5 billion (3.79 billion euros) to purchase essentially all of Nokia's Devices & Services business, and \$2.17 billion (1.65 billion euros) to license Nokia's patents and use its mapping services, for a total transaction price of \$7.17 billion (5.44 billion euros) in cash.

Microsoft, which is seeking to compete more directly with Apple and Google to provide services on any kind of Internet-connected device, said the deal announced on Tuesday will aim to accelerate the company's share in mobile devices through faster innovation, increased synergies, and unified branding and marketing "It's a bold step into the future - a win-win for employees, shareholders and consumers of both companies," said Microsoft CEO Steve Ballmer. "Bringing these great teams together will accelerate Microsoft's share and profits in phones, and strengthen the overall opportunities for both Microsoft and our partners across our entire family of devices and services." Ballmer said Nokia, which entered into a partnership with Microsoft in February 2011, brings "proven capability and talent" in critical areas such as hardware design and engineering, supply chain and manufacturing management, and hardware sales, marketing and distribution. "We are excited and honored to be bringing Nokia's incredible people, technologies and assets into our Microsoft family. Given our long partnership with Nokia and the many key Nokia leaders that are joining Microsoft, we anticipate a smooth transition and great execution," Ballmer said, although the deal is still subject to approval by Nokia's shareholders, regulatory approvals and other closing conditions. For Nokia, the sale of its mobile phone business is expected to be "significantly accretive to earnings," strengthen its financial position, and provide a solid basis for future investment in its continuing businesses. "This is an important moment of reinvention and from a position of financial strength, we can build our next chapter," Nokia Interim CEO Risto Siilasmaa said. Siilasmaa added: "After a thorough assessment of how to maximize shareholder value, including consideration of a variety of alternatives, we believe this transaction is the best path forward for Nokia and its shareholders. Additionally, the deal offers future opportunities for many Nokia employees as part of a company with the strategy, financial resources and determination to succeed in the mobile space." Siilasmaa was Chairman of the Nokia Board of Directors but became the company's interim CEO as part of Tuesday's announcement. Stephen Elop has stepped aside as Nokia's president and CEO, instead taking on the role of executive vice president of Devices & Services. The transaction announced Tuesday is expected to be completed in the first quarter of 2014.

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UPA United Press Agency LTD
483 Green Lanes

UK, London N13NV 4BS
contact (at) unitedpressagency.com
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