

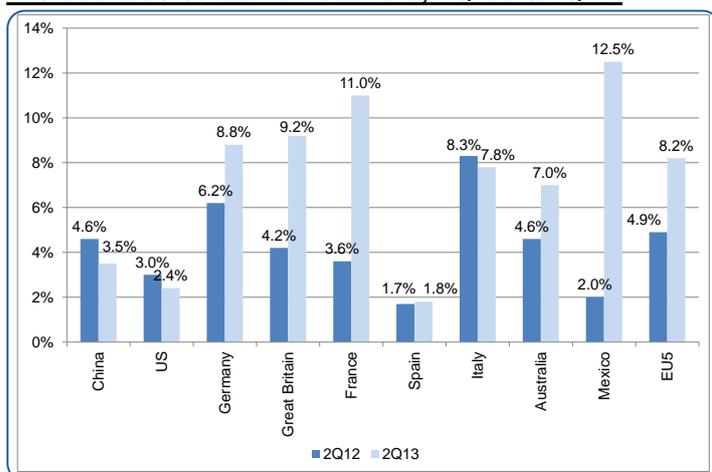
Microsoft acquires Nokia's mobile business and licences its patents and mapping

In a deal that will combine two former tech behemoths, Microsoft announced on 3 September that it has agreed to acquire Nokia's Devices & Services business, as well as licence Nokia's patents and its mapping services for a total consideration of \$7.175bn (EUR5.44bn) in cash. Nokia was the leading cell-phone manufacturer for 14 years, making analogue phones that sold well globally until smartphones became more popular; Previously a software company that licenced its products to hardware manufacturers, Microsoft has moved into hardware with its own tablet and now a smartphone business. Following the deal, Nokia's President and CEO, Stephen Elop, will step down from his position to become Nokia's Executive Vice President of Devices & Services.

Phone is still a blip on the radar according to *Kantar Worldpanel ComTech* data. Nokia's share price rocketed c. 34% yesterday (3 September) following the announcement, while Microsoft's share price ended the day 4.6% down at \$31.88/share.

Marco de Matos

Microsoft OS sales market share, 2Q13 vs 2Q12:



Source: Kantar Worldpanel ComTech, Anchor Capital

Nokia has been a close partner of Microsoft since February 2011 when it agreed to focus on the Windows Phone platform. By acquiring Nokia, Microsoft gains more control over its mobile hardware and software, following Apple's example of vertical integration. Based on 2Q13 smartphone sales data from *Kantar Worldpanel Comtech*, the Windows Phone, driven largely by lower-priced Nokia smartphones such as the Lumia 520, is seeing some market share gains, representing around 1 in 10 smartphones sold in Britain, France, Germany and Mexico. However, in the two key markets of China (3%) and the US (4%), the Windows



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