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Nokia: Charter's Snyder, Long-Time Bull, Throws In The Towel

By **ERIC SAVITZ**

Charter Equity Research analyst Ed Snyder, a long-time bull on **Nokia** **(NOK)**, has now seen enough.

In the wake of the mobile phone giant's **Q2 warning** on Wednesday, Snyder has dropped his rating on the stock to Underperform from Buy, warning that there is likely more downside ahead before the stock reaches bottom.

Snyder fears that Nokia's loss of high-end market share could be permanent - and warns that even modest share loss at the high end could hurt margins, given that smart phones accounted for 16% of units in 2009, but 31% of revenues.

"We have long maintained that the company's ponderous corporate culture would eventually find its footing, but with competitors attacking fiercely at both the low and high end, deterioration in its core European market, and a lengthening timeline for **Symbian^3**, which may not live up to expectations anyhow, shares will plunge well below recession lows," he warns.

"We think management has yet to own up to the likelihood of share loss in 2010 and an even steeper drop in device margins given its lack of traction in high end devices," he adds. "Ironically if Nokia makes additional cost cuts, it could help the company outperform due to excessive discounting of the company's underlying assets."

Concludes Snyder: "Absent a major change in strategy we see little hope for upside."

NOK on Wednesday fell $1.05, or 10.7%, to $8.77.