



THURSDAY, JULY 22, 2010 ET

## Nokia: More Suffering Ahead

By **ERIC SAVITZ**

While investors perk up about [the potential ouster](#) of **Nokia (NOK)** CEO **Olli-Pekka Kallasvuo**, the Street remains highly skeptical about the company's potential for a near-term turnaround. Either the company is not being realistic, or it simply isn't being 100% honest about the situation, choose your explanation.

**Edward Snyder, an analyst with Charter Equity Research**, notes that for Nokia "rebound is always a quarter or two away." He doesn't see it. Snyder, who maintains an Underperform rating on the stock, notes that Kallasvuo on the company's post-earnings analyst call today conceded that Nokia needs a more significant piece of the U.S. smart phone market but declined to say how it might get there. Snyder notes that there is no CDMA version of the new **Symbian^3** based **N8**, which means the phone can't be sold by **Verizon Wireless (VOD, VZ)** or **Sprint (S)**.

"Management also failed to explain how, without a U.S. presence, a CDMA handset or an advanced smartphone OS, it planned to lure developers away from **Android** and **iPhone**," he adds. "This combined with further deterioration in its global market share and smartphone pricing make it increasingly unlikely we will see a sustained, significant rebound in handset operations this year."

Snyder says the [Q2 pick-up](#) at the top line is misleading.

"It seems to us the curse of the company and the stock is quarters like this, where gains eked out in low-end devices instill hope that a big turn-around is right around the corner when in the wider world of high-end competition, Nokia's position continues to erode," Snyder writes. "Absent the massive ballast of low-end phones, Nokia would have probably gotten more serious faster; as it is, it remained anchor in a featureless manufacturing mindset years after iPhone started eating into its share. This comeuppance combined with a change in management will eventually reverse these trends but not, we believe, without more suffering."

NOK is up 31 cents, or 3.5%, to \$9.13.

**Copyright 2011 Dow Jones & Company, Inc. All Rights Reserved**

This copy is for your personal, non-commercial use only.  
Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)