

Moody's lowers outlook on Nokia

October 26 2010



Numerous models of Nokia phones are pictured at the lobby of the Nokia headquarters in Espoo in April 2010. Rating agency Moody's said Tuesday it had lowered its outlook on Finnish mobile phone maker Nokia to "negative" from "stable."

Rating agency Moody's said Tuesday it had lowered its outlook on Finnish mobile phone maker Nokia to "negative" from "stable."

It said the change reflected Moody's concern about the commercial launch of devices under the Symbian 3 platform and [restructuring](#) measures to be developed and implemented under new management.

Moody's said they might "turn out to be insufficient to reverse Nokia's loss of [market share](#) in mobile phones and converged devices and thus to return group operating margins to above 10 percent, one of Moody's rating criteria."

The agency warned that if Nokia management was unable to halt the erosion in the company's [profit margin](#), Nokia's currently "strong" financial position could deteriorate.

Moody's said however it was maintaining the A2 rating on Nokia, citing its "solid financial strength" and absence of net debt.

But it added that it would consider a rating downgrade if over the coming quarters Nokia's market position for high-end smartphones did not recover and if operating margins did not rise above 10 percent of sales.

Operating margin came to 6.2 percent in the third quarter.

Nokia last week announced a return to profit, posting an unexpected 529 million euros (741 million dollars) in net earnings, far outstripping expectations of analysts polled by Dow Jones Newswires.

But the company also announced plans to cut 1,800 jobs.

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