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## S&P downgrades Nokia further

HELSINKI - Rating agency Standard and Poor's on Wednesday downgraded Nokia Corp's long-term corporate credit rating further into junk status amid concerns over the cellphone company's deteriorating profitability.

While cutting its rating on Nokia by two notches to BB-, S&P warned there could be further downgrades as it slapped a negative outlook on

the company. For S&P, anything below BBB- is considered junk status, or not investment grade. That means S&P thinks Nokia is a speculative investment and will likely make it more expensive for the company to raise money in capital markets.

S&P also lowered the rating for the group's unsecured debt - also to a

BB- from a previous BB+ rating, saying that Nokia's second-quarter results and guidance had been lower than expected.

"The negative outlook reflects the possibility of another downgrade if Nokia fails to stabilize its margins and significantly cut its cash losses," the agency said. "We now assume that Nokia's smartphone operations will

post lower revenues than we previously anticipated over the coming quarters."

Last month, Nokia reported a 19 percent drop in sales and a quadrupling of net loss to a record €1.4 billion (\$1.8 billion) for the second quarter. Nokia CEO Stephen Elop also said the third quarter would "remain difficult" as the phase-out of Symbian-based

phones continues in favor of the Windows operating system that Nokia adopted after joining forces with Microsoft Corp. last year.

The ailing Finnish firm has been fighting fierce competition from Apple Inc.'s iPhone and other makers using Google Inc.'s popular Android software, including Samsung Electronics Co. and HTC of Taiwan. It is also being squeezed in the low-end by Asian manufacturers making cheaper phones, such as China's ZTE.