

October 29, 2007, 2:54 pm

Ericsson: Charter Equity Downgrades To Underperform

Posted by Eric Savitz

Charter Equity analyst Ed Snyder today sliced his rating on Ericsson ([ERIC](#)) to Market Underperform from Market Perform.

Snyder notes that Ericsson's [third quarter results](#) were in line with [its previous pre-announcement](#). Which is not to say the numbers were good. "An unfavorable product mix pushed consolidated operating margins to 8% from 19% in the year-ago period," he writes. "This combined with weak revenue growth, the underwhelming uptake of wireless data services and too many suppliers chasing too little demand suggests these results and the problems plaguing this industry will not be short-lived. We don't believe and the company is not guiding for a rebound in margins until at least 2Q08."

Snyder trimmed his EPS estimates to 1.43 SEK from 1.71 for 2007, and to 1.42 from 1.87 for 2008.

Ericsson today is down 59 cents, or 2%, to \$29.55.