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## RIM: Soc Gen Cuts To Hold On Disappointing Handsets

By [TIERNAN RAY](#)

**Societe Generale** analyst **Andy Perkins** this morning cut his rating on **Research in Motion** (**RIMM**) to Hold from Buy, arguing that the company's overseas markets are not proving sufficient to offset the effects of a stalled product selection, and that the company will struggle the rest of this year.

Perkins cut his price target on RIMM to \$50 from \$70, and cut his EPS earnings estimate to \$5.99 for this fiscal year from \$6.84 previously, and cut his estimate to \$5.04 for fiscal 2013 from a prior \$7.05 estimate.

RIM's Q1 forecast cut last month was disappointing, he writes, though the outlook for 28% sales growth in the quarter "is not a disaster," he writes. However, "a <sup>00</sup>one-off<sup>00</sup> poor quarter can lead to a whole series of others."

The various handsets [shown off last week](#) at the company's **capital markets day** and **BlackBerry World** conference will not feature the "hoped-for **QNX**," meaning the operating system that ships on RIM's "**PlayBook**" tablet, and that is a disappointment, he writes.

"We had hoped that the extremely successful international operations would give RIM time to introduce its new models into the US market," writes Perkins. "However, these models have been delayed and will not have the new QNX operating system when they are finally launched."

Perkins thinks RIM's profit margin could fall as low as the handset market average of 12% in coming years as "its premium pricing comes under pressure."

Perkins's action follows [warnings last week](#) from **Sterne Agee** and **Pacific Crest**, and [downgrades](#) by **Needham & Co.** and **Charter Equity Research**.

RIMM today is down 74 cents, or 1.6%, at \$44.52.

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