

FOCUS–Nokia market cap overtakes BP, No.1 in Europe

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Dec 7, 1999, 01:10pm EST

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(Reuters) - The world's biggest mobile phone maker, Nokia , on Tuesday added over eight percent to a remarkable 1999 bull run and overtook BP Amoco as Europe's top company by market capitalization.

The share closed 8.5 percent higher at 167.15 euros, boosting its market cap to 203 billion euros versus 189 billion for BP Amoco, showing that mobile Internet is where investors see the future.

According to data in the Reuters Securities 3000 system, the company is now just outside the global top 10 by market cap, well behind leader Microsoft but ahead of majors like AT&T , America Online and Coca Cola .

For the year Nokia has more than tripled its share price versus a gain of 34 percent for the Dow Jones Stoxx 50 index, and in the last six weeks alone following its third-quarter results, the share has added around 90 percent.

"You just have to buy the stock," said Fund Manager Ed Protheroe at Aberdeen Asset Management in London. "The share is the

genuine growth stock in Europe."

CEO SPEECH SENDS THUNDER ECHO

The latest in a series of triggers that sent the share soaring came on Friday, when Nokia said next year would bring growth exceeding its longer-term target.

In what may be the most valuable presentation ever held, Chief Executive Jorma Ollila said the company brought forward its estimates for when the one-billion mark in mobile subscribers would be reached to end-2002 from 2003.

Ollila said Nokia aimed next year to increase net sales by 30 to 40 percent compared with a long term goal of 25 to 35 percent, creating hype that has added 30 billion euros to the company's market capitalization.

Several leading international investment banks have since raised their estimates and target prices on the news.

"The company usually has raised their growth rates in the middle of the year, so if they have done this before 2000 starts it suggests clarity in their numbers," Protheroe said.

"Seeing Nokia has invariably met or exceeded their previous forecasts, the numbers could even be on the low side," he said.

MORE UPSIDE SEEN AFTER LIKELY CONSOLIDATION

Analyst Michael Schroder at Opstock said there was still upside for the share, although it was likely to cool in the short term.

"Given the sharp upward trend of late we won't see 200 euros in the weeks to come," he said. "But if you look at valuation levels there is still some ways to go before Nokia catches companies like Cisco and Qualcomm."

Nokia is currently trading at 67 times its estimated 2000 earnings versus 98 for both Cisco and Qualcomm and 57 for Ericsson but Nokia's multiple is poised to fall to reflect analysts' rising estimates.

"The confidence in Nokia justifies it trading at a premium to the European shares and it should deserve a catch-up to the U.S. stocks as well. It should not trade at a discount to any U.S. security," Aberdeen's Protheroe said.

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