

Vendor Tearsheet: ERICSSON

In 4Q20, the single quarter rank of Ericsson in the Telco NI market was: 2. Telco NI represented the following share of 4Q20 total company revenues: 97.5%

CORPORATE OVERVIEW

1876
Founded

Sweden
HQ

FACTS & FIGURES

NASDAQ: ERIC
Exchange & Ticker

100,000
of employees

VENDOR DESCRIPTION*

*Ericsson is one of the leading providers of Information and Communication Technology (ICT) to service providers. We enable the full value of connectivity by creating game-changing technology and services that are easy to use, adopt, and scale, making our customers successful in a fully connected world. Our comprehensive portfolio ranges across Networks, Digital Services, Managed Services and Emerging Business, powered by 5G and IoT platforms.

--Networks: We develop, deliver and manage telecommunication networks by providing hardware, software, and services to enable the full value of connectivity. From 5G and IoT to virtualization, we are supporting digital transformation for the next generation of mobile services.

--Managed Services: With managed services we create real value and business differentiation by taking an integrated approach covering all aspects of our customers' businesses. By managing and optimizing telecom networks and IT operations with highly industrialized processes and a truly global delivery model, we enhance operators' ability to meet -- and exceed -- consumer expectations.

--Digital Services: Digitalization is a powerful driver of change, transforming all aspects of business. We help service providers to embrace this change with network management and operations (NMO), revenue and customer management (BSS), communication services, core network and network functions virtualization (NFV), infrastructure, and application development and maintenance (ADM).

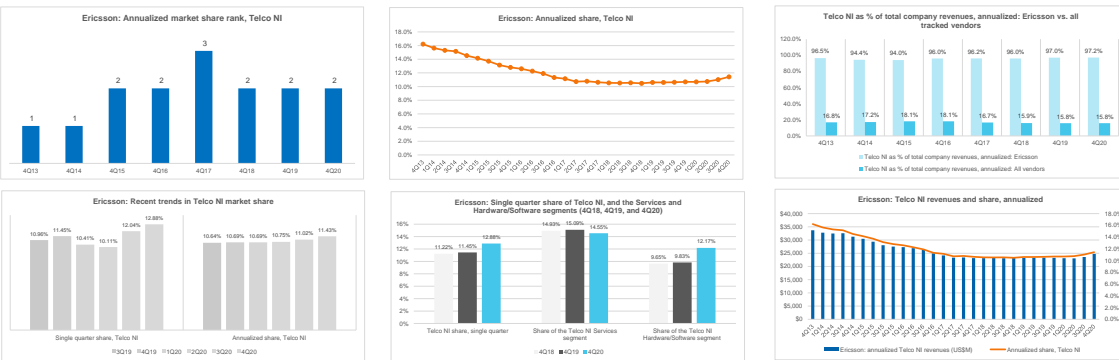
*Vendor descriptions are sourced directly from the company's own public statements, in most cases public financial filings or annual reports. The goal is to make clear the company's positioning. Text outside quotation marks has been added by MTN Consulting.

FINANCIAL HIGHLIGHTS - CORPORATE*

| Market cap | Last 12 months corporate revenues (US\$M) | Telco NI revenues as a % of total company, 4Q20 | Services revenues as a % of Telco NI, 4Q20 | R&D spending as a % of revenues, latest FY |
|--|---|---|--|--|
| 45.48 B USD | \$25,437 | 97.5% | 33.7% | 17.1% |
| Revenues per employee per year (US\$K) | Revenue growth, 3-year CAGR | Net income, 3-year CAGR | Return on Invested Capital (ROIC) | Current ratio** |
| \$254.4 | 1.8% | n.a. | 14.1% | 1.31 |

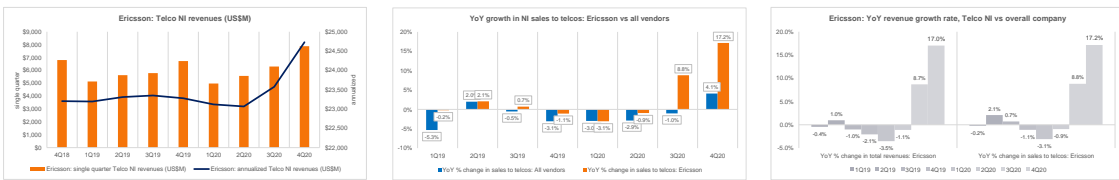
*Market cap and current ratio updated April 21, 2021; margin and ROIC also updated April 21, per Morningstar. Telco NI and Services revenue estimates are per MTN Consulting. Other data are as reported by the company.
**Current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year; the formula is current assets divided by current liabilities.

GLOBAL NETWORK INFRASTRUCTURE SALES TO THE TELECOMMUNICATIONS NETWORK OPERATOR (TNO) MARKET VERTICAL



Source: MTN Consulting

RECENT SALES GROWTH RESULTS



Source: MTN Consulting

LATEST QUARTER RESULTS & RECENT DEVELOPMENTS

4Q20 results

Corporate revenues in 4Q20 totaled \$8082 million, versus \$6906 million in 4Q19. Telco NI revenues amounted to \$7880 million in 4Q20, growing 17.2% compared to 4Q19. On an annualized basis, Telco NI represents 97.2% of total company revenues.

Recent Developments (last 6 months)

- Corporate (1) 1Q21 earnings out. Northeast Asia up 66% YoY, MEA down 25%; largest region remains North America, where sales dropped 5% YoY. Pressure from Nokia, Samsung and open RAN options. Networks division revenues up 3% YoY in 1Q21, after growing 6% YoY in 3Q20 and 11% in 4Q20. (2) sued Samsung in Dec 2020 on patent violation claims. (3) in March 2021 opened an Open Lab for RAN virtualization, in Ottawa, Canada.
- As of 23 April, company claims 135 commercial 5G agreements or contracts with unique operators, 78 of which have been publicly announced; 85 5G networks are live using Ericsson gear.
- Recent wins: O2 Slovakia (5G RAN), Thales (private mobile), 2degrees NA (5G RAN), 5G SA for Vodafone Germany, Orange Spain connected cars, Telenor Belgium 5G, FarEasTone 5G core expansion, du UAE (5G RAN), managed services for KSA, Ericsson Charging for Telefonica Brazil (Vho), multi-operator core in C-Band for APT Taiwan, 5-year 5G deal at T-Mobile USA (Nokia also won), 5-year 5G RAN/Cloud deal for Ooredoo group, disc Thailand, mmWave 5G for Singtel, Slovak Telekom 5G, digital monetization for Indosat Ooredoo, cloud-native dual mode 5G Core for KDDI.
- Trials: 5G carrier aggregation for Telia in Norway, 700MHz MIMO for China CBN, renewable energy with DT, 5G SA voice and data calls for Swisscom, 5G NR data call with 5Gbps per user with Telstra, 5G mmWave long-distance transmission with TIM and Qualcomm.
- Product: dual connectivity for 5G SA with Mediatek, new 2nd generation massive MIMO and RAN Compute solutions powered by Ericsson Silicon, 5G Core Policy Studio for network programmability, 5G RAN Slicing software solution.

M&A, KEY CUSTOMERS, & KEY COMPETITORS

Relevant M&A Activity

Acquired: Genaker (announced 1Q20); Kathrein's antenna and filters business (1Q19); CENX (3Q18); Envivio (3Q15); Ambient Corp (4Q14); Microsoft Mediaroom (3Q13)

Customers

North America: AT&T, Rogers, Sprint, T-Mobile, Verizon. Europe and Latin America: America Movil, Bouygues, Deutsche Telekom, Entel, MTS, Orange, Telecom Italia, Telefonica, Teltia, Vodafone, Wind Tre. MEA: Airtel, Etisalat, Marotel, MTN Ooredoo, Orange, STC, Turkcell, Zain. Southeast Asia, Oceania and India: Axiata, Bharti, Birta telecom, NBN, Ooredoo, Singtel, Smart, Telenor, Telstra, Vodafone. Northeast Asia: China Mobile, China Telecom, China Unicom, Chunghwa, FarEasTone, KDDI, KT, NTT DoCoMo, SK Telecom, Softbank.

Competitors

Networks: Major competitors included Huawei, Nokia, Samsung and ZTE. Digital Services: Amdocs, Huawei, NEC-Netracker, Nokia. Managed Services: Huawei, Nokia, ZTE

Note
Telco NI revenue estimate for Ericsson: Networks plus Managed Services plus Digital Services.