

## **Ericsson 1Q Sales Drop 7% on Network Build Slowdown in North America, Japan**

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Ericsson's first quarter sales [fell 7 percent](#) [1] on the winding down of North American and Japanese network projects. First-quarter sales came in at 47.5 billion Krona (\$7.2 billion), down from 52 billion Krona (\$7.9 billion) in the same quarter a year ago.

Specifically, Ericsson CEO Hans Vestberg attributed the drop to two large mobile broadband coverage projects in North America peaking in the first half of 2013, as well as impacts from "reduced activity in Japan."

But Vestberg said in a statement that the sales decline was partly offset by growth in China, the Middle East and Latin America. He also applauded Ericsson's focus on profitability and driving annual gross margin improvement.

Ericsson has reason to be optimistic about its U.S. market prospects as AT&T in February announced the company as one of the vendors working in the early stages of its Domain 2.0 program. AT&T's new initiative aims to use Software-Defined Networks (SDN) and Network Function Virtualization (NFV) to simplify its network operations and reduce the time to market for new technologies.

Along with on-going projects in China, Ericsson highlighted its five-year agreement with Vodafone to update and expand its 2G and 3G networks as well as build out 4G LTE.

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<http://www.wirelessweek.com/news/2014/04/ericsson-1q-sales-drop-7-network-build-slowdown-north-america-japan>

**Links:**

[1] <http://www.ericsson.com/res/investors/docs/q-reports/2014/03month14-en.pdf>