

Ericsson to acquire Kathrein's antenna and filters business

- Ericsson increases investments in 5G antenna technology
- Intends to acquire Kathrein's antenna and filters division with around 4,000 skilled professionals to complement Ericsson's in-house capabilities and competences
- The transaction is expected to close in third quarter 2019
- Preliminary and unaudited revenues from the acquired part of Kathrein were approximately EUR 270 million in 2018, excluding sales to Ericsson

As antenna technology is growing in importance, Ericsson (NASDAQ: ERIC) expands its Ericsson Radio System portfolio with new products and strengthens its antenna in-house competences and capabilities through the acquisition of Kathrein's antenna and filters business.

The antenna domain is transforming into multiple frequencies and multiple technologies, while at the same time radios and antennas are being consolidated and even integrated to optimize the usage of site space and overall network performance. In addition, with more powerful 5G networks coming, this impacts antenna technology development further to provide the needed performance, capacity and coverage.

Kathrein, with headquarters in Rosenheim, Germany, founded in 1919, is a world leading provider of antenna and filter technologies and is an existing Ericsson supplier. The antenna and filters business has a strong R&D organization with extensive experience in antenna design and research, coupled with a strong IPR portfolio. In addition to broadening Ericsson's portfolio of antenna and filter products, the acquisition will bring vital competence for the evolution of advanced radio network products.

Fredrik Jejdling, Executive Vice President and Head of Business Area Networks, Ericsson, says: "Strengthening our in-house antenna competence is another important step in our Networks portfolio strategy. The acquisition of Kathrein's antenna and filters business will expand our capabilities and competences in the advanced active and passive antenna domain further. With the additional focus on the antenna and filter business led by Kathrein professionals, we will broaden our offering to further optimize site space, which is vital for the introduction of 5G."

The acquisition will include Kathrein's antenna and filter business for mobile networks and will add around 4,000 highly-skilled professionals in R&D, production, and sales based in more than 20 locations, including Germany, Romania, the U.S., Mexico and China.

PRESS RELEASE
February 25, 2019



The acquisition is an asset deal where certain assets and liabilities are acquired by Ericsson at closing, which is expected in Q3 2019. It will be added as a separate unit in Business Area Networks and will be reported in Segment Networks, with a positive contribution to 2020 profitability targets. Preliminary and unaudited revenues from the acquired part of Kathrein were approximately EUR 270 million in 2018, excluding sales to Ericsson. The parties have agreed to keep the purchase price undisclosed.

The closing of the acquisition is subject to customary conditions and approvals from relevant regulatory authorities.

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