

Ericsson to write down 1.4 billion euros in fourth quarter

January 16 2018



A big writedown, but no impact on cash flow

Swedish telecoms equipment maker Ericsson on Tuesday said it would write down 14.2 billion kronor (1.4 billion euros, \$1.8 billion) in assets as the troubled company struggles to compete in a rapidly changing

sector.

The writedowns, which will be booked in the fourth quarter of 2017 and which were expected, originate mainly from goodwill from "investments made 10 years ago or more, and has limited relevance for Ericsson's business going forward," the company said in a statement.

The depreciation has no impact on [cash flow](#), it said.

Ericsson is trying to divest the two business areas mainly responsible for the writedowns, digital services and media, where the company provides services for [television channels](#), [telecom operators](#), [content providers](#) as well as cloud and physical devices for the Internet of Things.

The company wants to sell the two units to focus on its core business, which is [network infrastructure](#).

In addition to the writedowns, Ericsson also announced a 1.0 billion kronor non-cash tax charge due to US tax rates being cut from 35 percent to 21 percent this month.

Once a global leader in equipment making, Ericsson is facing intense competition from the likes of Finland's Nokia and China's Huawei, coupled with sagging investment in networks.

In the third quarter, Ericsson posted a net loss of 4.4 billion kronor and registered its fourth straight operating loss, after being hit by a range of factors including higher development and hardware costs.

The company is to publish its annual results on January 31.

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Citation: Ericsson to write down 1.4 billion euros in fourth quarter (2018, January 16) retrieved 3 May 2024 from <https://phys.org/news/2018-01-ericsson-billion-euros-fourth-quarter.html>

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