

# Ericsson steps up cost-cutting as profit hit by poor demand

19 July 2016

---

Wireless equipment maker Ericsson says lower demand for mobile broadband in a weakening global economy caused second-quarter profit to drop 26 percent and sales to slump in most markets. It predicted little improvement for the rest of the year.

The Swedish company said Tuesday that it has "initiated significant actions" to further cut costs, in addition to an ongoing savings program.

Revenue fell 11 percent to 54.1 billion kronor (\$6.3 billion) in the quarter, with [net profit](#) at 1.6 billion kronor, down from 2.1 billion a year earlier. Ericsson said that demand declined most in Brazil, Russia and the Middle East and broadband projects in Europe continued to hit sales.

Ericsson shares were down more than 4 percent at 61.75 kronor in early afternoon trading in Stockholm.

© 2016 The Associated Press. All rights reserved.

APA citation: Ericsson steps up cost-cutting as profit hit by poor demand (2016, July 19) retrieved 27 January 2021 from <https://phys.org/news/2016-07-ericsson-cost-cutting-profit-poor-demand.html>

*This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.*