

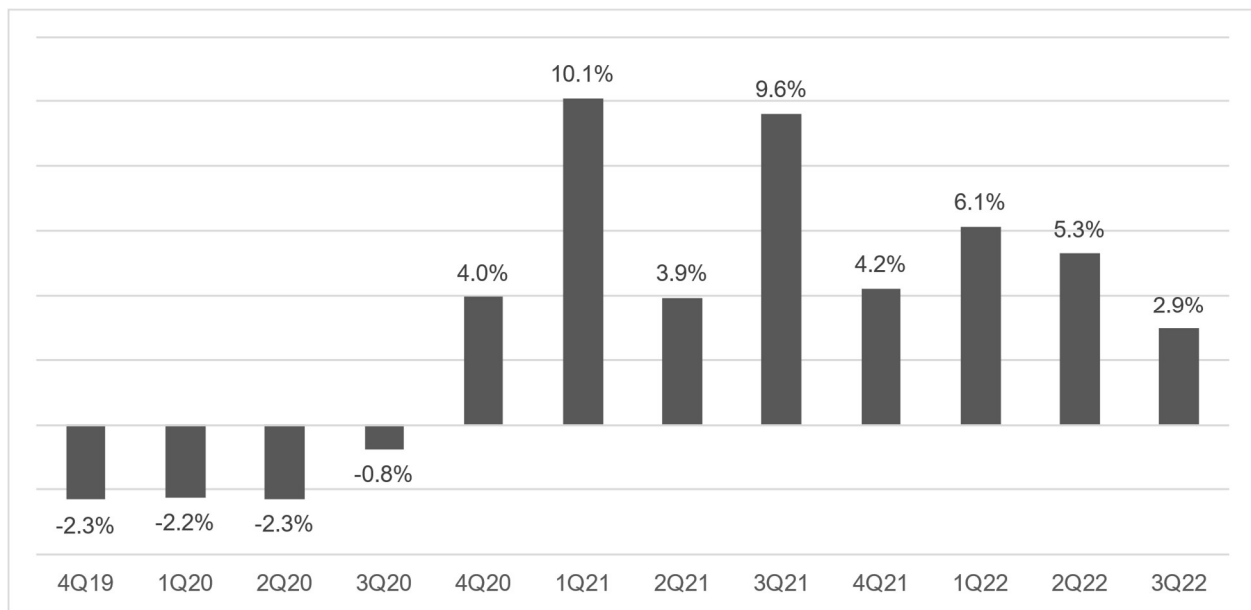
## Telco spending climate still good but supply chain and macroeconomic worries persist

### Summary

As of November 9, third quarter 2022 (3Q22) earnings results are available for approximately 89% of the vendors active in the Telco Network Infrastructure (Telco NI) market. Results to date show a modest slowdown in growth. For 1Q22 and 2Q22, Telco NI revenues grew for these vendors by 6.1% and 5.3%, respectively. For the same vendors, Telco NI revenues grew by about 2.9% YoY in 3Q22. Looking to 4Q22, usually telco spending is strong cyclically at year-end, and vendor revenues follow this. However, 4Q22 seems likely to be on the light side. Several vendors expect sequential declines, macroeconomic jitters remain, and spending has been strong for several quarters now. On the plus side, many vendors are seeing supply chain constraints start to ebb, and significant improvement seems likely by 2Q23. MTN Consulting will formally update its network spending forecast next month. Currently the telco capex forecast appears broadly on track.

Figure 1 illustrates recent YoY revenue growth trends for the Telco NI market, focusing on those vendors included in the preliminary results database.

**Figure 1: Telco NI revenue growth on YoY basis, preliminary results for 3Q22\***



Source: MTN Consulting

\*Growth calculations only include revenues for those companies which have already reported 3Q22 earnings.

### Vendor revenues in 3Q22 up 2.9% YoY based on preliminary results

MTN Consulting's Telco NI vendor revenue database includes 132 companies: 108 of these are still actively selling to telcos, while most of the other 24 have been acquired by other companies in the database (e.g. Amdocs-Openet, Ciena-Cyan, Cisco-Broadsoft, Corning-3M, Microsoft-Metaswitch, Nokia-ALU, and Ribbon-ECI). A few have been acquired by other entities (e.g. Jio-Radisys, Baring