
Summary

This brief provides a snapshot of preliminary 2022 results for the [telco network infrastructure](#) (Telco NI) market. It discusses demand and supply trends in Telco NI based on revenue reports and estimates for 105 active vendors, representing about 75% of the market. Telco NI's giant, Huawei, has yet to report.

In the last few months, MTN Consulting has noted that network spending was starting to flatten in the telco segment. In 3Q22, [telco capex](#) dipped 5% YoY, the first decline since 4Q20. The vendor market also weakened in 3Q22, as Telco NI vendor revenues grew just 2% after seven straight quarters of much stronger growth. Now we have a solid set of preliminary results for 2022's final three months, 4Q22. For the 105 vendors available, Telco NI revenues fell by 1% YoY in 4Q22; this is the first decline for this group of Telco NI vendors since 2Q20, when COVID shut down economies. For CY2022, Telco NI grew just 2% YoY, down from +9% in 2021, when telcos splurged post-COVID, and the 5G RAN market saw a nice run-up. Among the larger reporting vendors, the best 4Q22 Telco NI growth was recorded at the three cloud providers (AWS, Azure, and GCP); engineering services companies Dycom and MasTec; NEPs Calix, Ciena, Samsung, and Technicolor (now Vantiva). New vendor Rakuten Symphony recorded the best overall growth rate in 4Q22, with revenues of \$180M up 193% YoY. On the other side, Cisco, Ericsson, and ZTE saw the worst declines in 4Q22, due in part to a downswing in spend among their largest customers.

For the overall market, some of the decline seen in 4Q22 was inevitable, as telcos slow down their initial 5G network buildouts. Other negatives include higher interest rates, higher energy costs, weak economic growth, cloud alternatives to network builds, and 5G's [inability to deliver](#) services revenue growth. Revenue guidance for 2023 from key vendors suggests a flat to slightly down market, as telcos absorb capacity and continue to wrestle with these challenges. Capex guidance from telcos is consistent.

Telco NI vendor results for 4Q22 (prelim)

For preliminary dataset, YoY revenue growth in 2022 was +2%, but -1% in 4Q

This preliminary analysis does not include Huawei, as it has not yet reported 2022 results. For the four quarters ended 3Q22, Huawei's Telco NI revenues were an astounding \$54.7B, giving it over 18% of the global market. This puts it far ahead of all rivals. The company has been weakening in the last 3 years, but very slowly and the trend is offset by its growing market share in China. As such, calculating market results without Huawei is risky. However, MTN Consulting has compiled a large database of preliminary results, including figures for 105 vendors and covering about 75% of market revenues. These figures do shed light on market directions.

For the 105 vendors tracked to date, Telco NI revenues were \$45.3B in 4Q22 and \$172.5B for CY2022 overall, down 1.1% and up 2.2% on a YoY basis, respectively. The 2.2% annual growth is a big drop from the 9.1% recorded in 2021, when telcos spent heavily on 5G and on COVID catch-up projects hit by delays in 2020. That 9% growth was unusual for telecom, though. A flat to slightly down Telco NI market is typical for most of the last decade. Telco NI revenues were around \$170B for the group of 105 in 2013 and 2014, declined in the following 3 years, and only got back above \$170B in 2022. Telco NI revenues for our entire set of vendors have also been flat for most of the last decade, hovering in the \$210-220B range in most years.