

The stock share of Swedish telecom giant Ericsson is expected to swell as consumer mobile data picks up, analysts said.

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Ericsson, the world's leading mobile phone network provider, is headed for a bright future as it will gain from increased consumer mobile demand and keep growing in North America, analysts said.

“Longer-term, we believe Ericsson should benefit from strong growth in consumer mobile data, with mobile broadband adoption moving from niche to mass market, and with broader penetration of smartphones driving substantial increases in data consumption”, Richard Dineen, telecoms analyst at British HSBC Bank, wrote in a comment that was dated September 16.



During the downturn telecoms operators have been slashing capacity expenses in order to provide a compensating boost to cash flow. But Ericsson has “successfully offset the worst effects of reduced operator capex budgets by holding its equipment share steady” and finding new revenue streams like professional service..

More importantly, Ericsson has made vital breakthrough on the North American market where it has won significant contacts with Sprint Nextel and Verizon Wireless (LTE), edging out Huawei.

“We believe Ericsson’s products are still best-in-class, while its professional services success should prove hard to replicate, providing a sustainable differentiator versus Chinese rivals”, Richard Dineen pointed out.

Ericsson expected to rally

Written by Johan Nylander

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Richard Dineen has raised his target price to 80 kronor from 67.50 kronor. Wednesday's closing price was 73 kronor.

The recommendation came two days after WestLB raised its target price to 100 kronor.

“We believe that Ericsson is one of the forgotten tech stocks in Europe”, telecom analyst Thomas Langer wrote. “We believe the market has not factored the potential for any positive surprise at its joint ventures and underestimates the leading role in next generation mobile networks”.

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