Financial Performance and Trends in the Telecom Industry

Applied Value

Q1 2021

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Applied Value Telecommunications Practice

Telecommunication has been a core practice area for Applied Value since our inception in 1997. Over the last 20+ years, we have supported a wide range of clients across the telecommunications value chain and across continents.

We generate client value and provide tangible results by applying an unbiased perspective, having a hands-on approach, and recognizing the importance of delivering value fast.

About this report

This report tracks the financial performance of major players in the telecommunications industry ranging from operators to infrastructure OEMs and mobile device makers.

We hope that you find this report insightful, and we welcome feedback or opportunities for further discussions.

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Applied Value's telecom report tracks the financial performance of major players in the industry

Operators

América Móvil
AT&T
STC
BCE
Ooredoo
SK telecom
kt
Proximus
airtel
elisa
BT
TELE2
swisscom
telenor
Telefónica
TDC
TURKCELL
ROGERS
MILLICOM tigo
Telia Company
AIS
VEON
TELUS
verizon
Deutsche Telekom
etisalat
KDDI

Infrastructure OEMs

NOKIA
ERICSSON
HUAWEI
ZTE

Device OEMs

Apple
SAMSUNG
Xiaomi
HUAWEI
Lenovo

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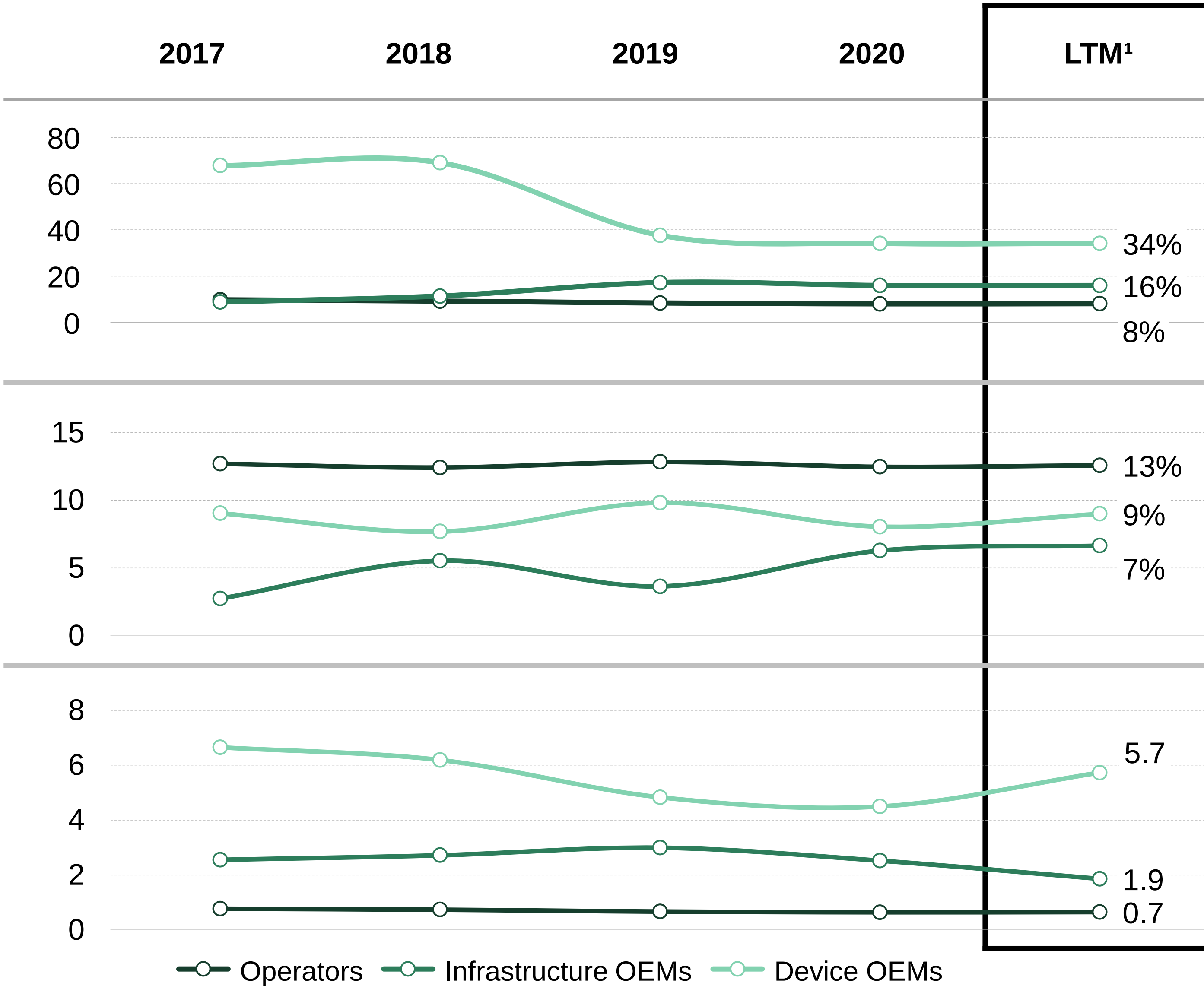
Executive summary

Key takeaways per segment

Operators	1. In Q1’21, revenue of the operator segment weakened by 6% QoQ due to seasonality but improved by 9% compared with Q1’20 2. EBITDA and NOPAT margin improved 2.6 pp. and 1.1 pp. respectively compared to the previous quarter
Infrastructure OEMs	1. Overall, the telecom equipment market advanced 7% YoY during 2020. Both mobile Core Networks and RAN achieved faster growth than forecasted 2. As global network upgrade accelerates, all infrastructure vendors achieved double-digit YoY revenue growth except for Huawei
Device OEMs	1. Global smartphone market posted record first-quarter revenues. Shipments in regions including Europe, China and India were stronger than expected 2. Economic recovery continues to stimulate demand of tablets and wearables, YoY shipment grew by 55.6% and 27.2% respectively

Financial overview (1/2): Yearly performance



	Change 2017–LTM
Return on invested capital (ROIC,%)	*Device OEMs* **-33.6 p.p.** *Infra OEMs* **+7.2 p.p.** *Operator* **-1.6 p.p.**
Net operating profit after tax (NOPAT margin,%)	*Operator* **-0.1 p.p.** *Device OEMs* **0.0 p.p.** *Infra OEMs* **+3.9 p.p.**
Invested capital turnover	*Device OEMs* **-13.8%** *Infra OEMs* **-27.2%** *Operator* **-15.7%**

Note: 1. LTM refers to Q2 2020 – Q1 2021 for most companies included in the report. LTM analysis of Huawei and ZTE based on the period of Q4’19 – Q4’20.
Note: Deviations due to different selection of operators and restated company financials. Telecom report data is based on fiscal years and calendar quarters.

Financial overview (2/2): Quarterly performance

	Segment	Q1 '21	Q4 '20	Q3 '20	Q2 '20
Sales	Operators	9.4%	4.5%	2.8%	-2.0%
Y-o-Y	Infrastructure OEMs[1]	-1.0%	16.4%	10.1%	12.6%
(% change)	Device OEMs[2]	34.7%	13.9%	7.9%	5.6%
Net operating profit after tax (NOPAT)	Operators	0.3 pp.	0.6 pp.	0.3 pp.	-0.1 pp.
Y-o-Y	Infrastructure OEMs[1]	1.5 pp.	4.0 pp.	0.0 pp.	0.6 pp.
(p.p. change)	Device OEMs[2]	3.1 pp.	0.8 pp.	0.2 pp.	0.2 pp.
EBITDA	Operators	0.0 pp.	2.8 pp.	2.6 pp.	1.8 pp.
Y-o-Y	Infrastructure OEMs[1]	2.0 pp.	5.5 pp.	-0.8 pp.	0.1 pp.
(p.p. change)	Device OEMs[2]	4.0 pp.	1.0 pp.	0.3 pp.	0.6 pp.

Notes: Telecom report data is based on fiscal years and calendar quarters.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

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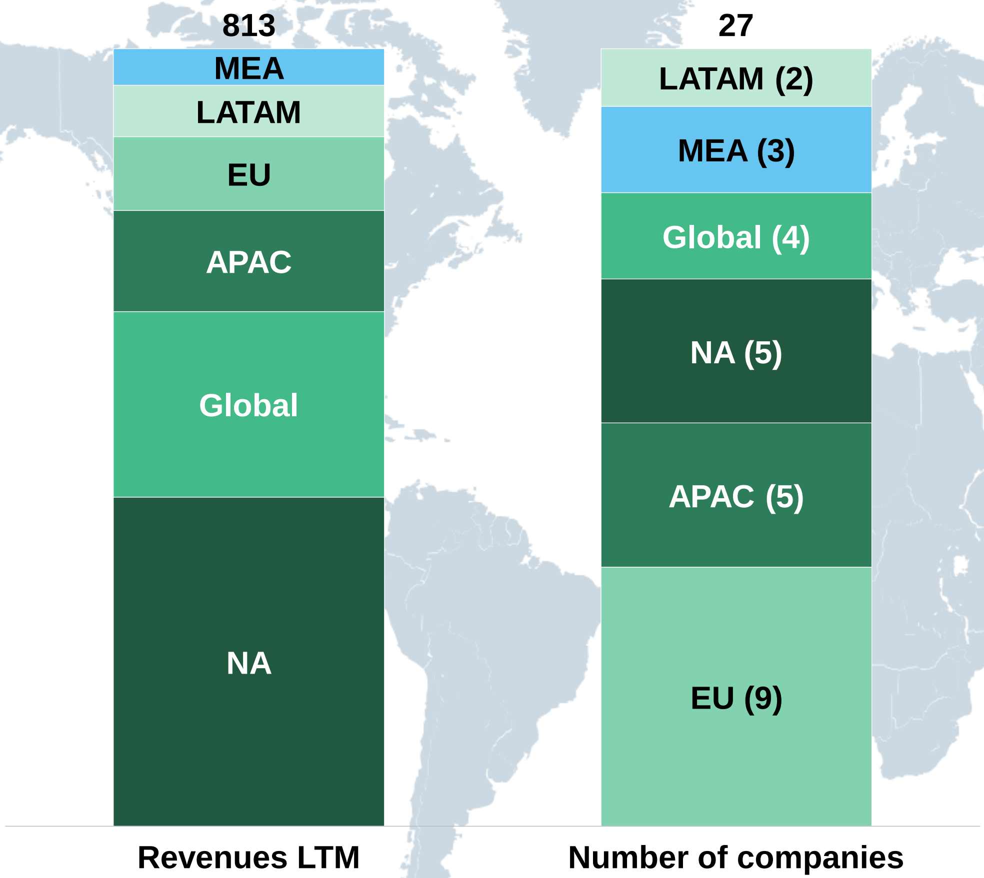
The Q1 ‘21 report covers 27 of the largest operators globally, accounting for 813 billion USD in revenues

Report overview
Revenue in BUSD, and company breakdown



Note: The included companies differ from previous quarter. Global operator refers to those with transregional business establishments.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

Key takeaways from the operator segment

Key takeaways

Creating Shareholder Value

1. ROIC of the operator segment averaged at 8.1%, STC leads the segment with a ROIC of 17%
2. Tele2 achieved the largest positive ROIC development of 1.75 pp. in LTM compared with LTM-1, driven by a NOPAT margin expansion of 5 pp.

Revenue Performance

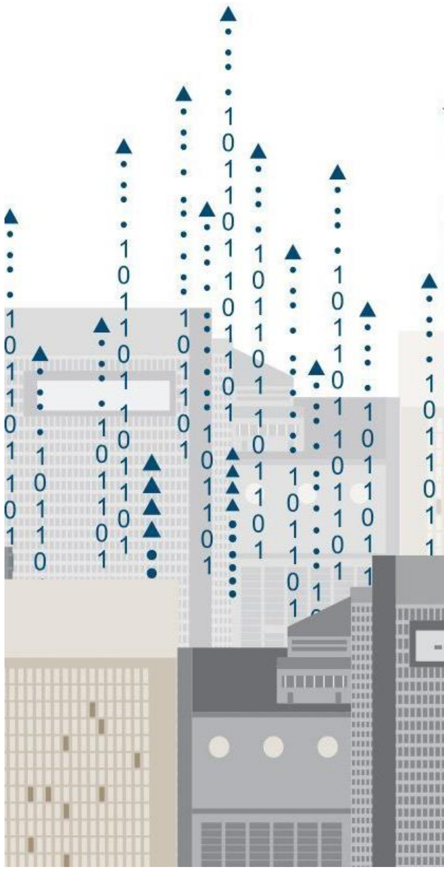
1. Compared with Q1'20, revenue of the operator segment improved by 9%
2. APCA, EU and LATAM operators experienced -3.7%, -2.9% and -3.0% of YoY revenue downfall in LTM respectively

Margin Performance

1. EBITDA margin averaged at 37% in Q1'21, NOPAT margin averaged at 13%
2. Bharti Airtel experienced the largest profitability improvement due to subscriber and data consumption growth

Capital Expenditure

1. CAPEX to sales ratio has been sustained around 15% for the past five years
2. As initial deployment of commercial 5G concludes, operators in APAC are actively reducing CAPEX spending



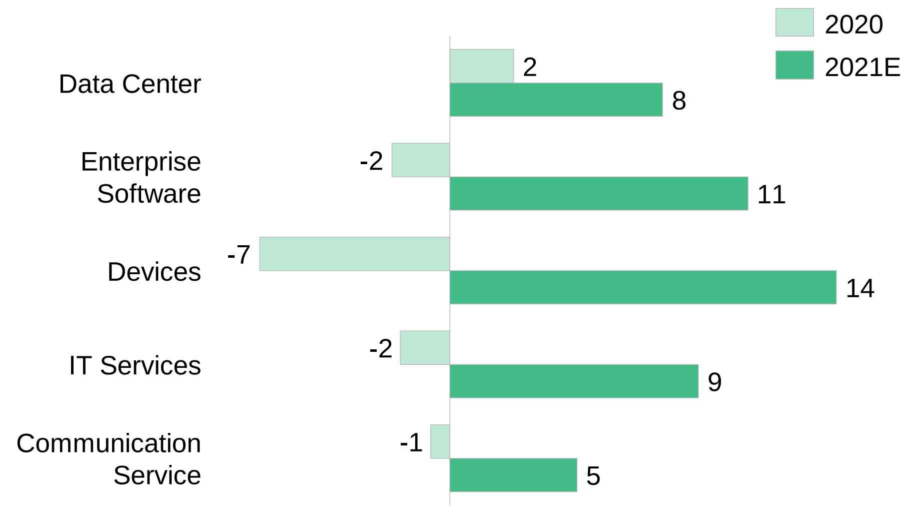
Events across the Operator sector from the last 3 months

News and happenings for operators

Jan-2021	**BT** created a new technology unit – Digital. The new unit will focus on the development and rapid delivery of innovative products, platforms and services in key areas such as healthcare and data.
Jan-2021	**Elisa** acquires the camLine Group. The combination of two strong industrial software players with unique offerings provides value for customers and speeds up growth in new markets.
Mar-2021	**Ooredoo** has signed a sale and leaseback agreement with PT EPID Menara AssetCo for More Than 4,200 Telecoms Towers in Indonesia, the deal valued at USD750 million.
Mar-2021	**Bell** and Honda Canada announced that new Honda and Acura vehicles are now equipped with built-in Wi-Fi hotspots that enable drivers and their passengers to stay fully connected online, safely and hands-free, while on the open road.
Mar-2021	Cubic Telecom, which specializes in in-car connectivity solutions, and **STC** collaborate and look forward to working jointly towards accelerating the introduction of in-car communication solutions in line with the regulations for cars sold in Saudi Arabia.
May-2021	**AT&T** enables Next Generation Global Mobile Asset Tracking with smart shipping label Internet of Things solution to help bring full visibility to products shipped worldwide and help transform the global supply chain across industries.

Worldwide IT Spending Growth

%

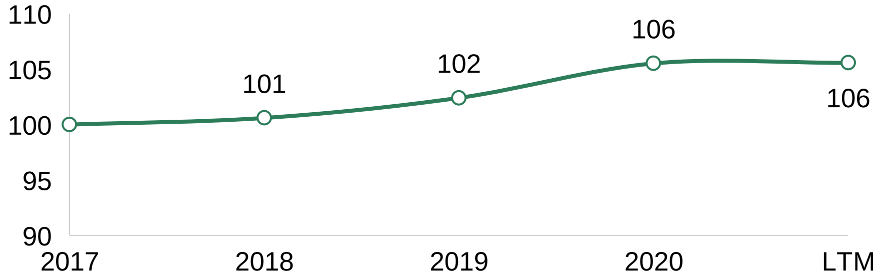


Worldwide IT spending is projected to total $4.1 trillion in 2021 - an increase of 8.4% from 2020.
From an industry perspective, banking and securities and insurance spending will closely resemble pre-pandemic levels as early as 2021, but retail and transportation won't see the same recovery until closer to 2023.
Regionally, Latin America is expected to recover in 2024, while Greater China has already surpassed 2019 IT spending levels. North America and Western Europe are both expected to recover in late 2021.

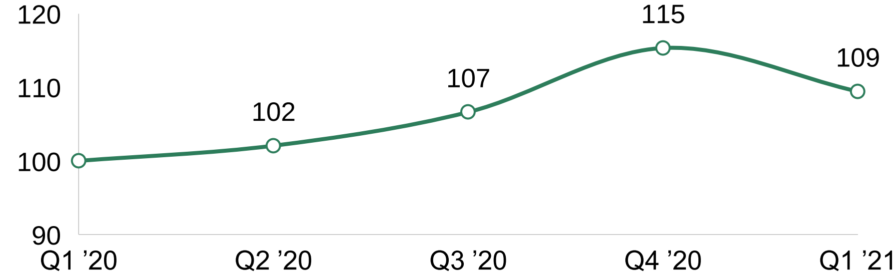
Source: Press & News, Credit Suisse, Applied Value Analysis.

In Q1'21, revenue of the operator segment weakened by 6% QoQ but improved by 9% compared with Q1'20

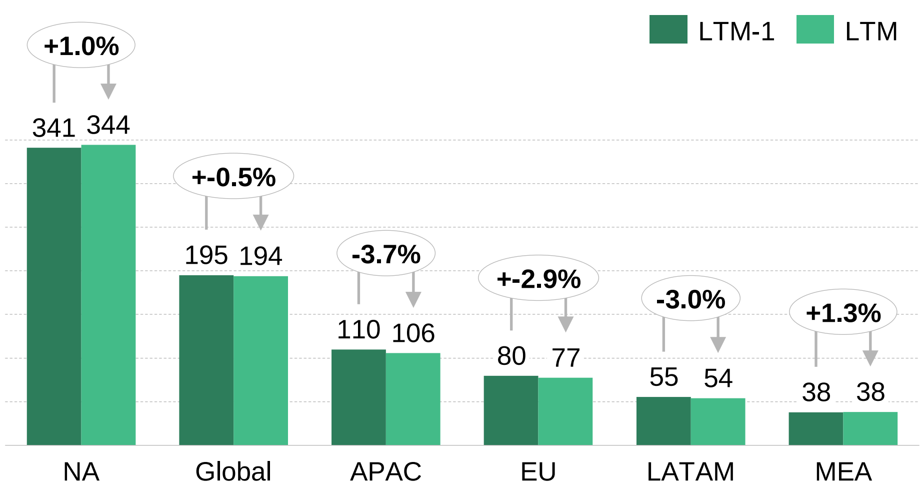
Indexed Yearly revenues
2017 - LTM (index 2017=100)



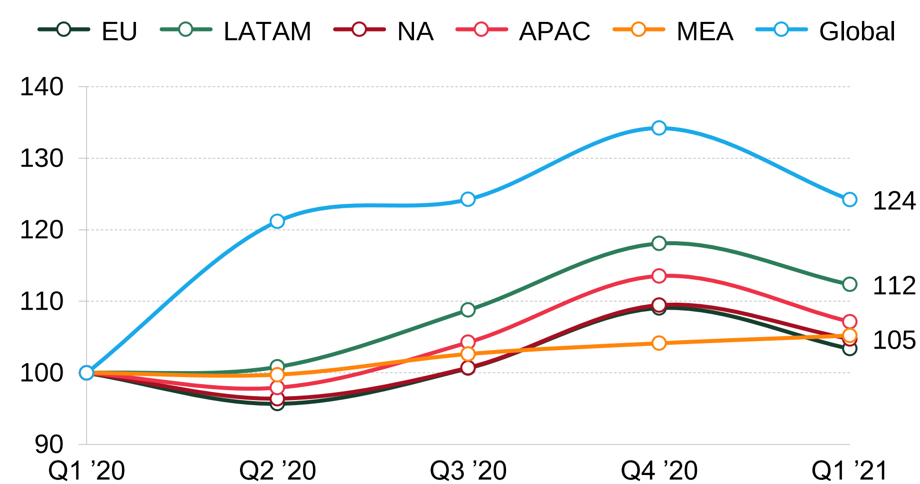
Indexed Quarterly revenues
Q1'20 – Q1'21 (index Q1'20=100)



Yearly revenues by region
LTM-1 (Q2'19 – Q1'20), to LTM (Q2'20 – Q1'21), BUSD



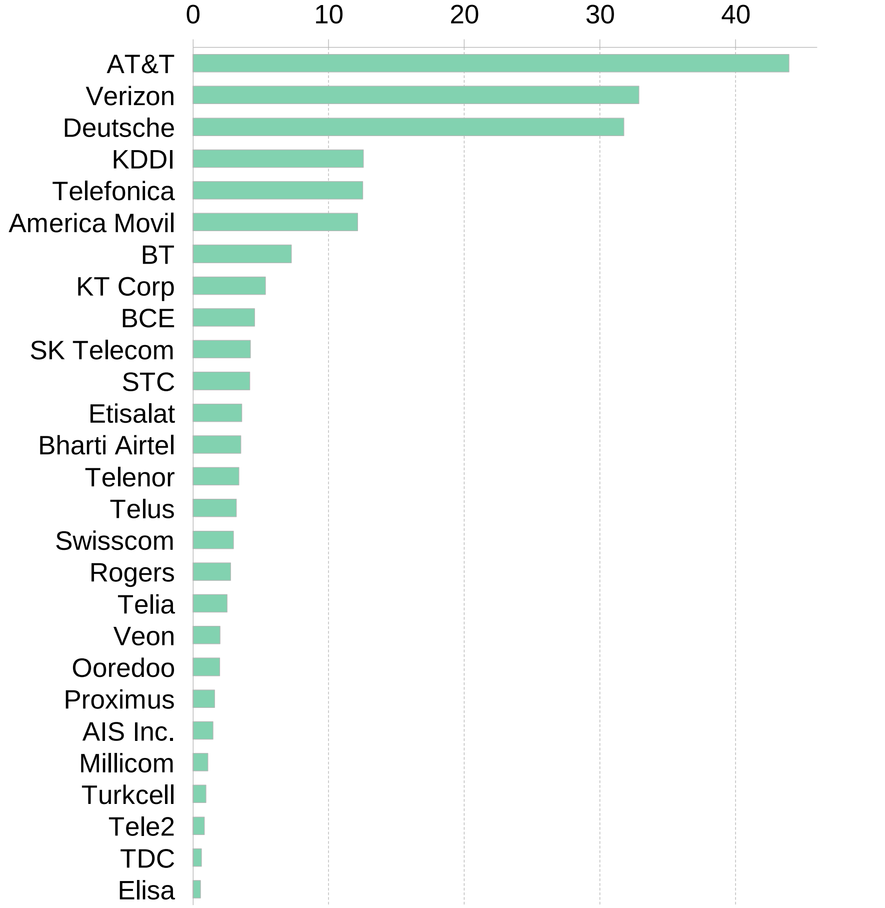
Indexed Quarterly revenues by region
Q1'20 to Q1'21 (index Q1'20=100)



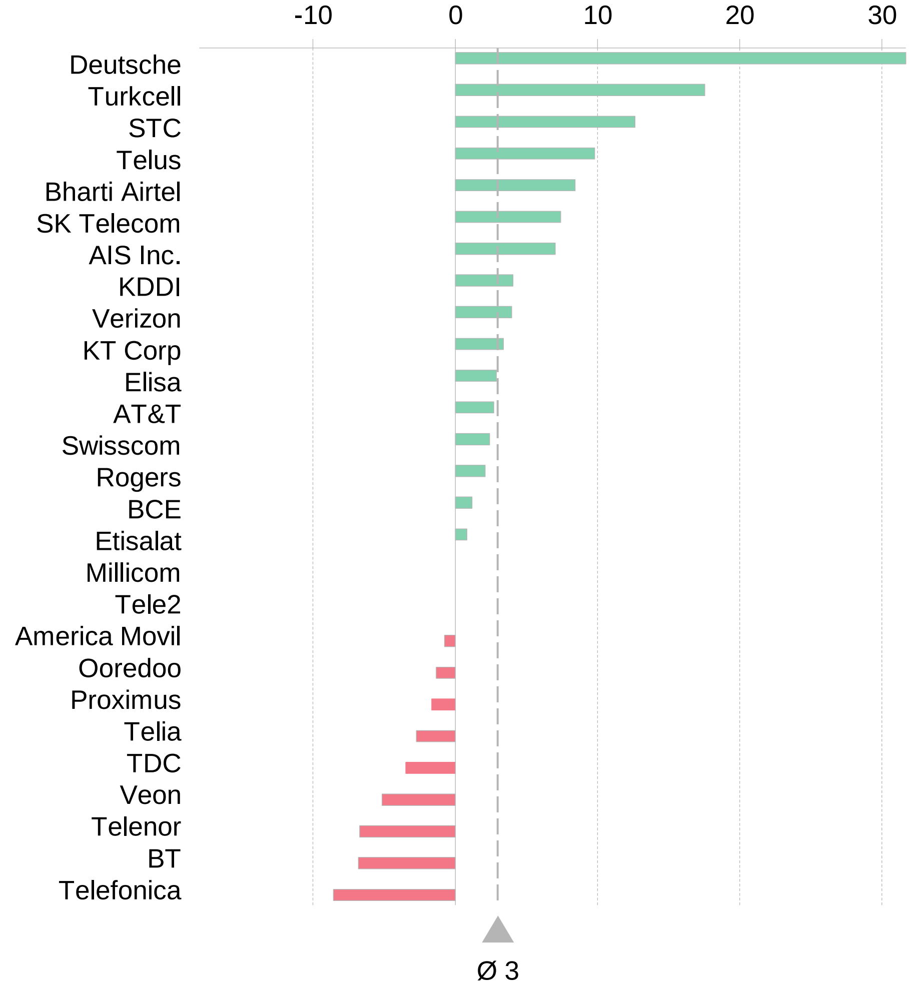
Note: The included companies differ from previous quarter.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

Turkcell added 705k subscribers to the network in Q1’21, and per user mobile data consumption increased 29% YoY as 4G/5G proliferated

Revenue by operator
Q1’21, BUSD



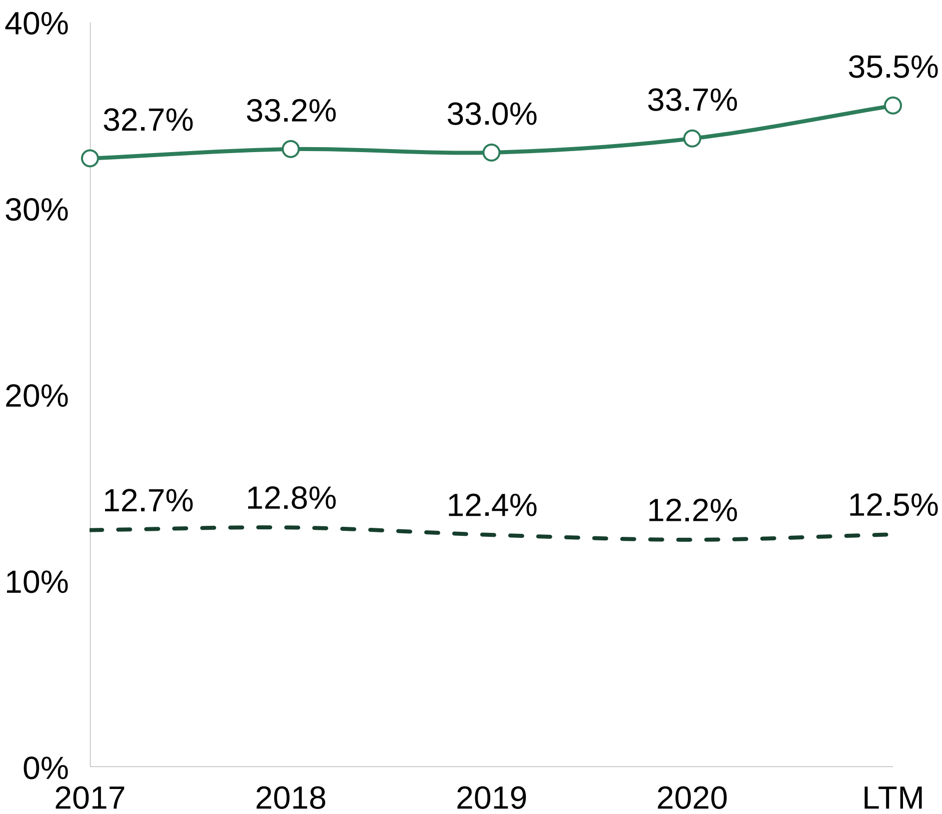
Revenue development by operator
Delta (Q1’20 vs. Q1’21), %



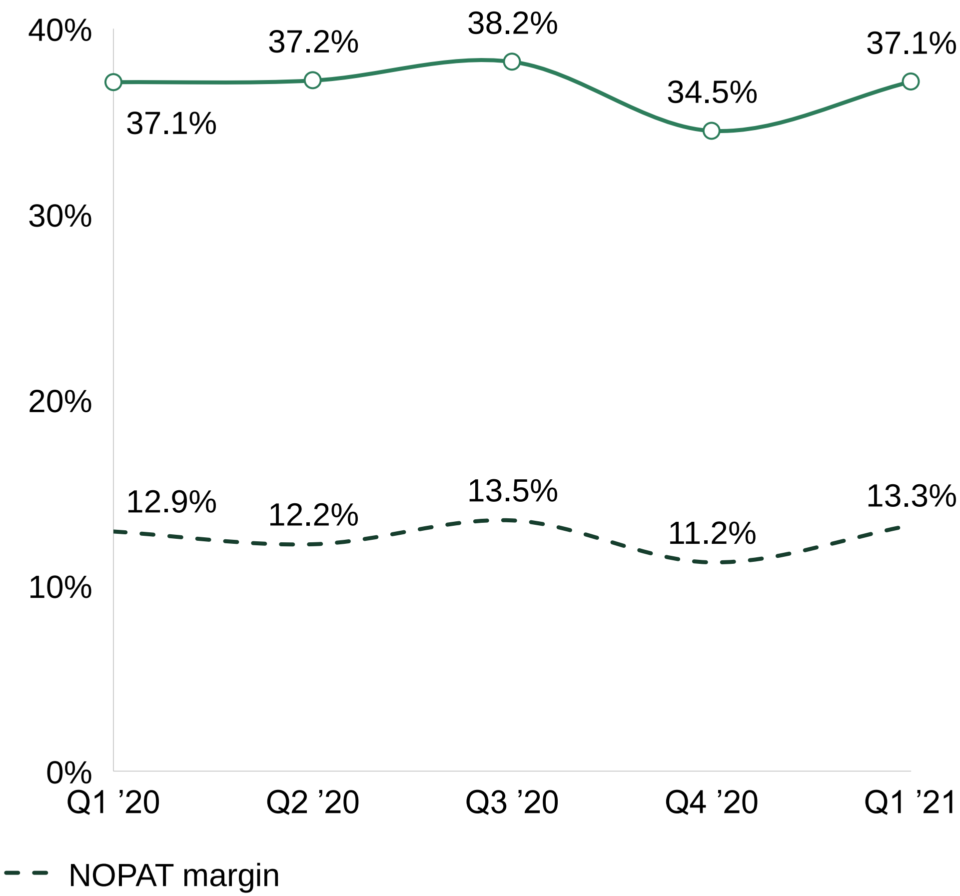
Note: The included companies differ from previous quarter. Revenue development of Deutsche Telekom is skewed by the acquisition of Sprint.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

EBITDA and NOPAT margin improved 2.6 pp. and 1.1 pp. respectively compared to the previous quarter

Yearly profitability development
2017 - LTM, %



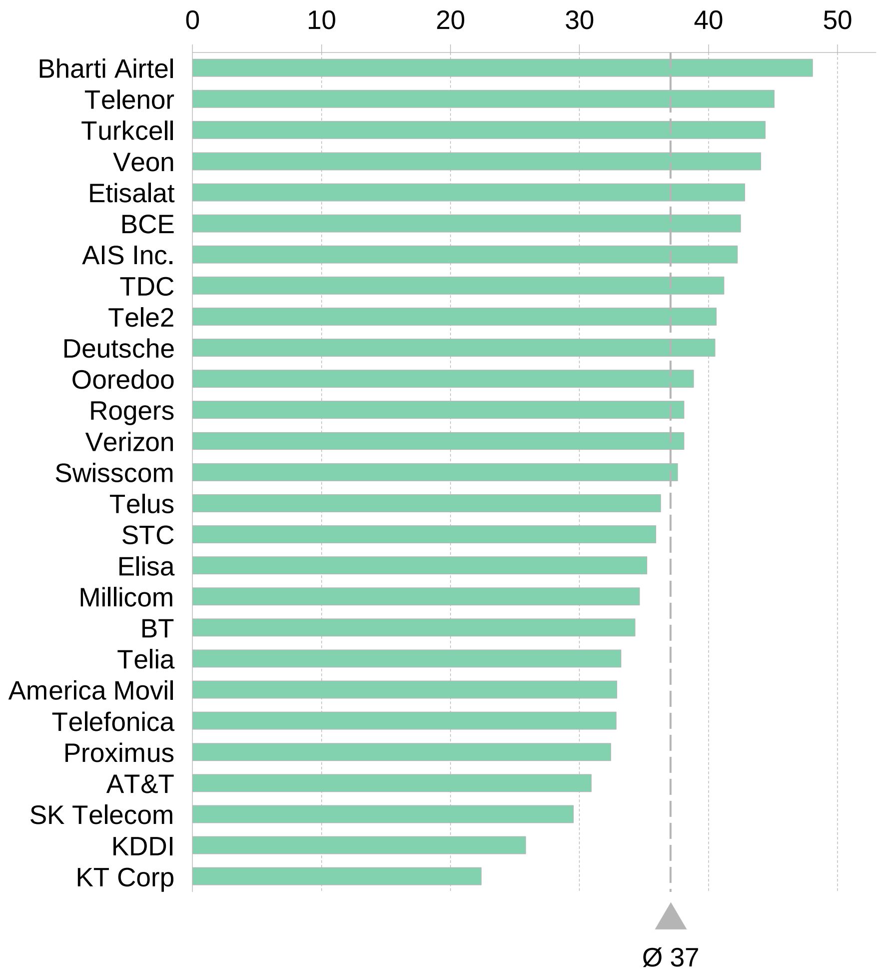
Quarterly profitability development
Q1’20 – Q1’21, %



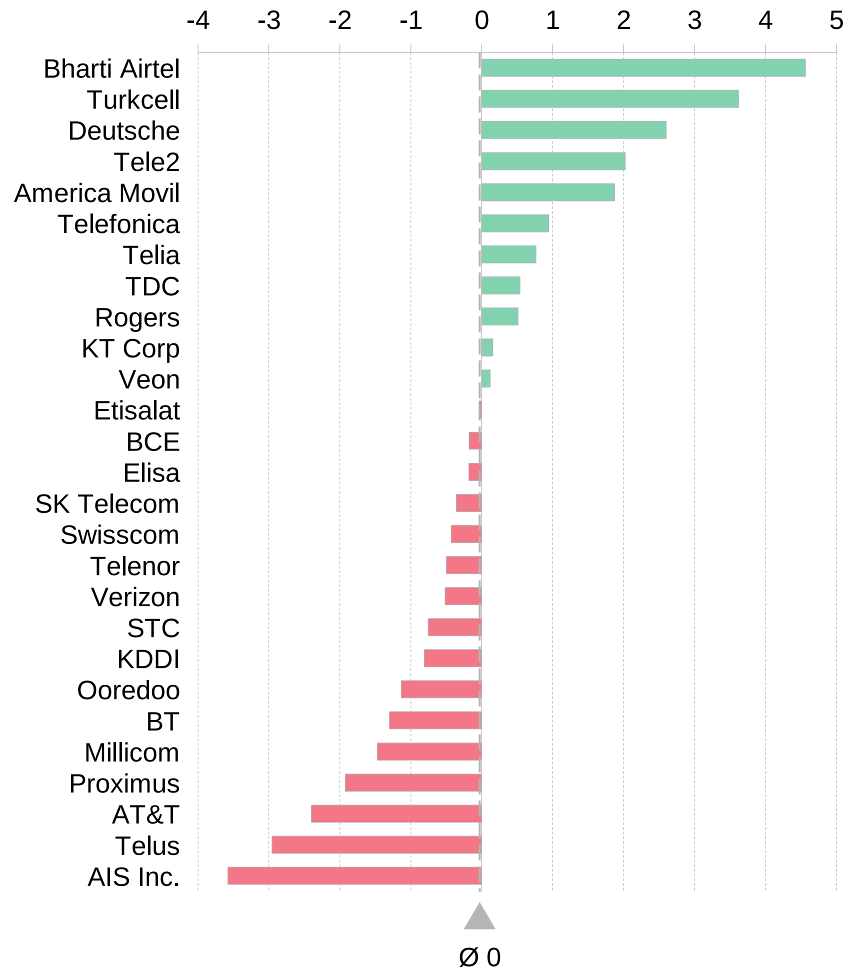
Note: The included companies differ from previous quarter.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

EBITDA performance diverged among operators; Bharti Airtel leads the segment with 4.5 pp. YoY EBITDA margin improvement

EBITDA margin by operator
Q1'21, %



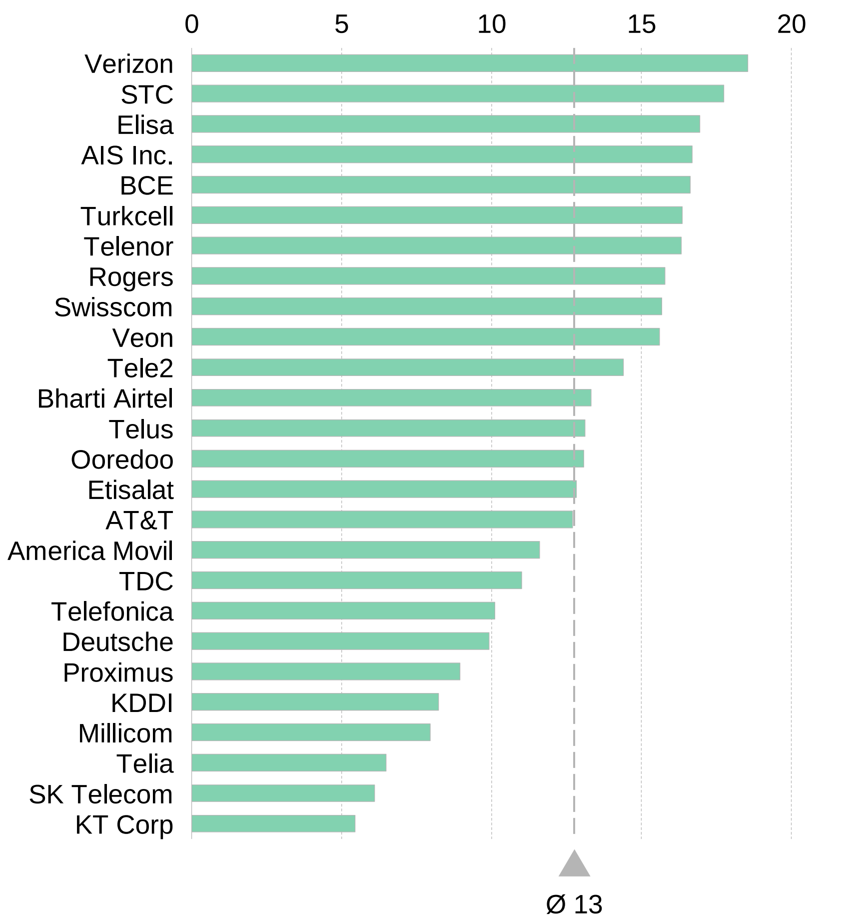
EBITDA margin development by operator
Delta (Q1'20 vs. Q1'21), p.p.



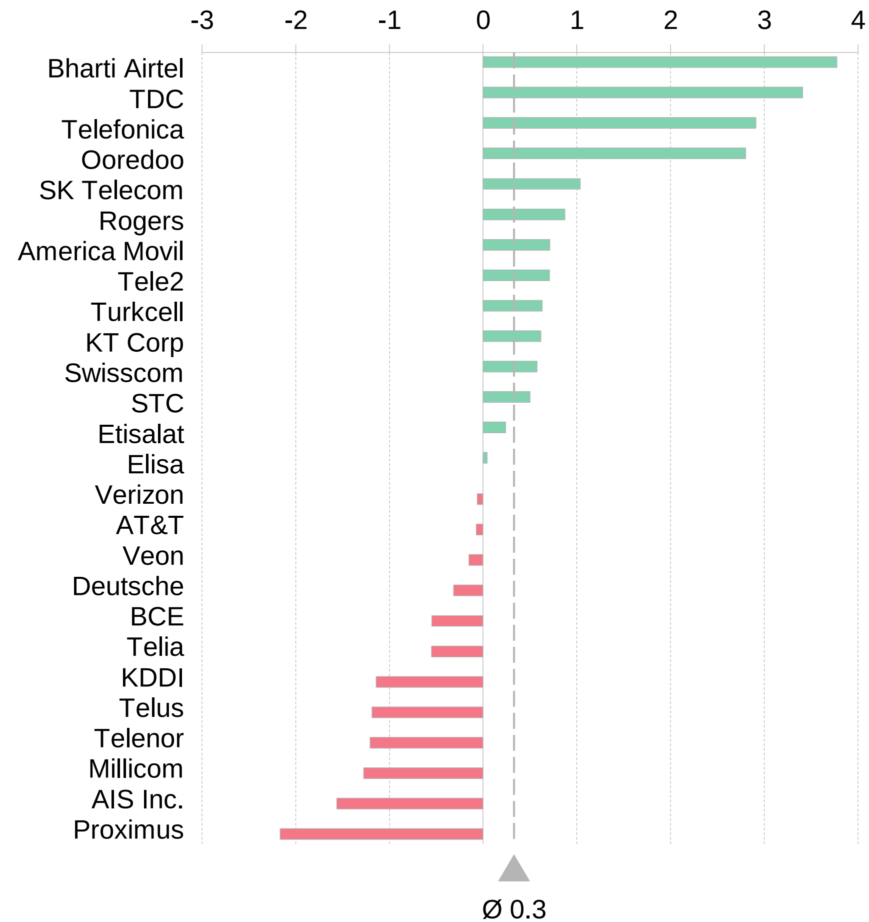
Note: The included companies differ from previous quarter.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

As markets recover, Telefonica has achieved three consecutive quarters of revenue and profit margin growth with digitizing sales and operations

NOPAT margin by operator
Q1'21, %



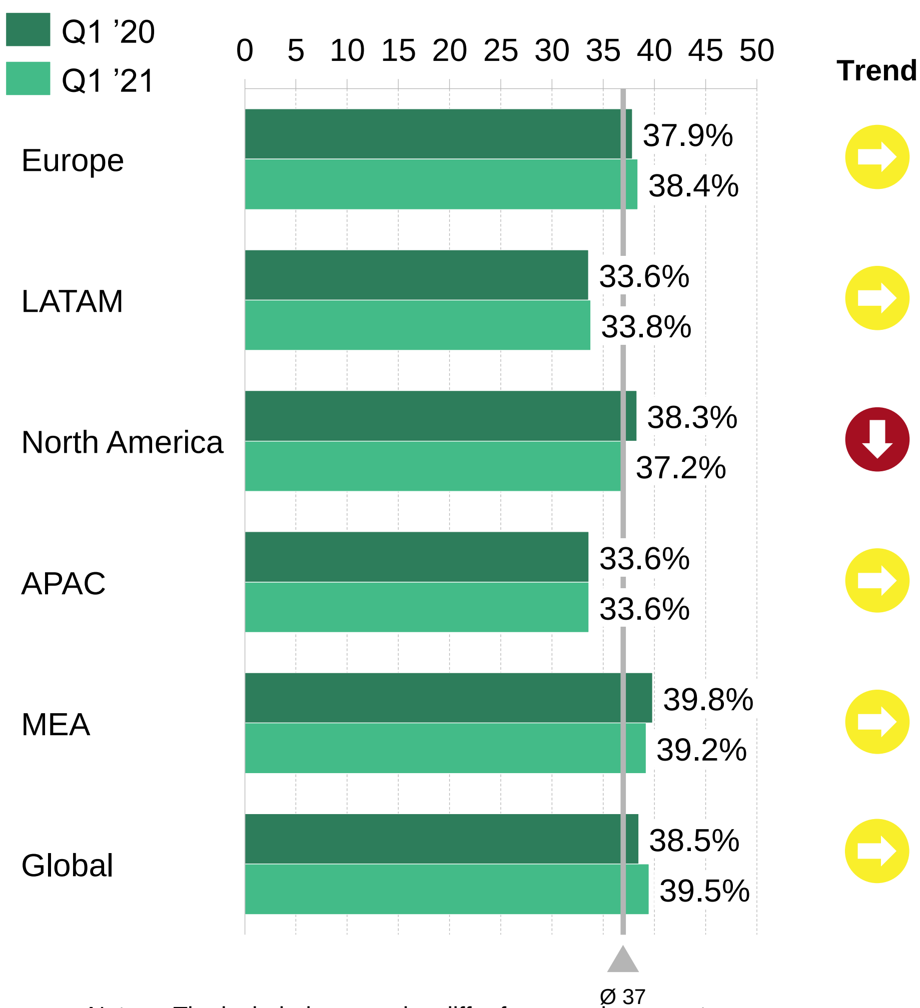
NOPAT margin development by operator
Delta (Q1'20 vs. Q1'21), p.p.



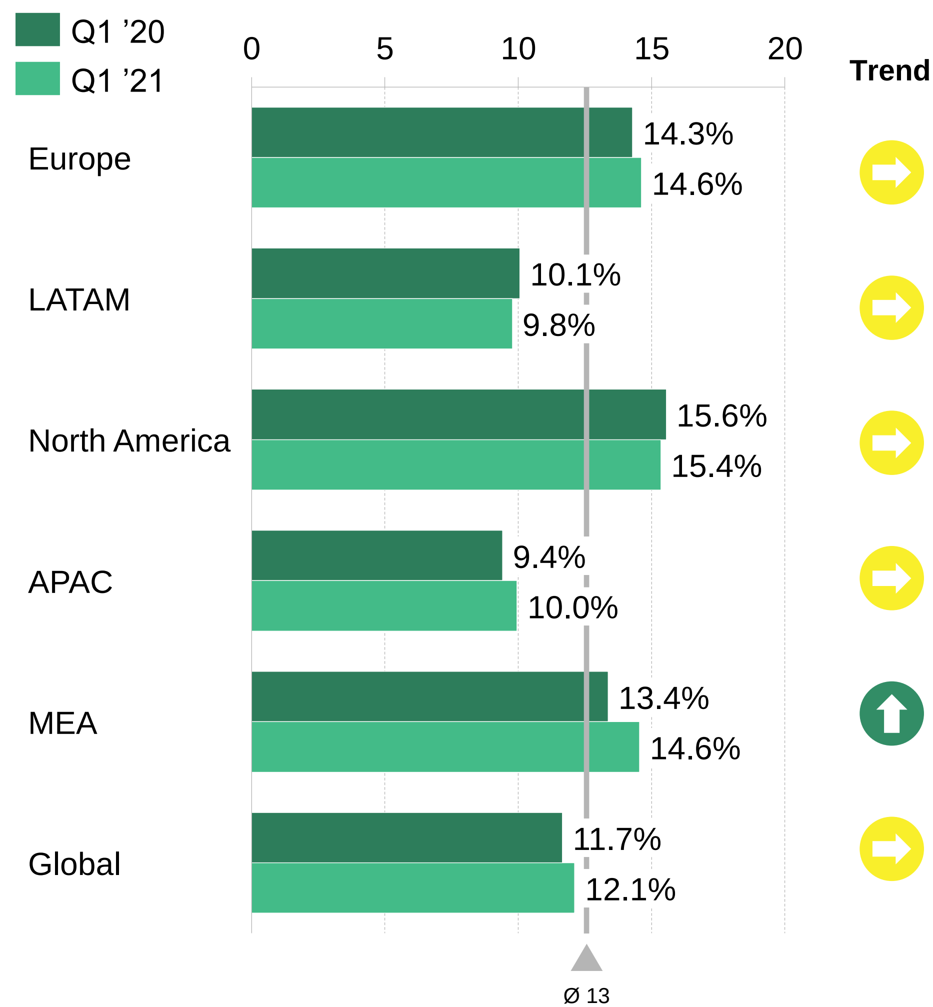
Note: The included companies differ from previous quarter. British Telecom is excluded from analysis due to insufficient data.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

Profitability performance flattened YoY across the board; APAC and LATAM operators lag in NOPAT margins in comparison to the others

Average EBITDA margin by region



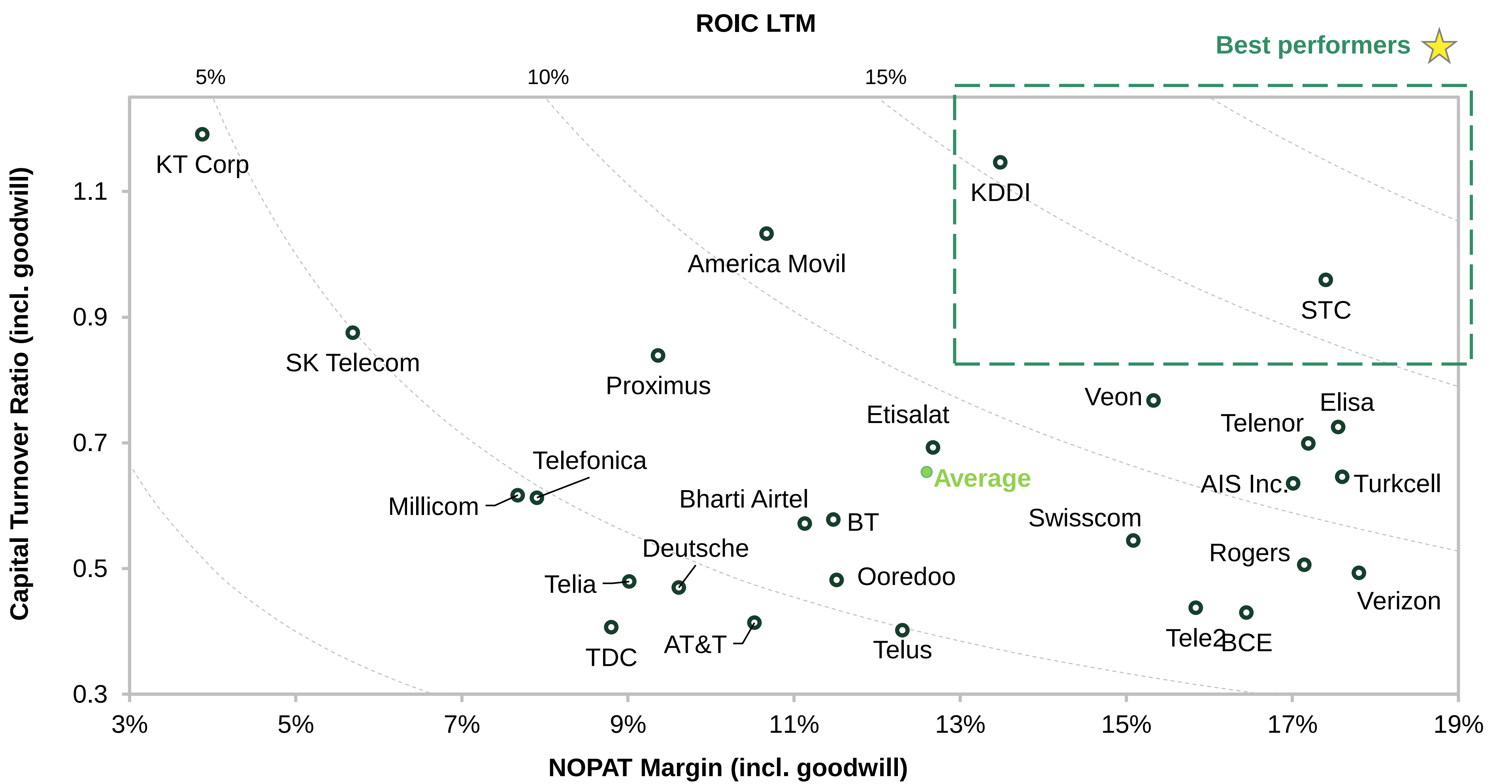
Average NOPAT margin by region



Note: The included companies differ from previous quarter.

Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

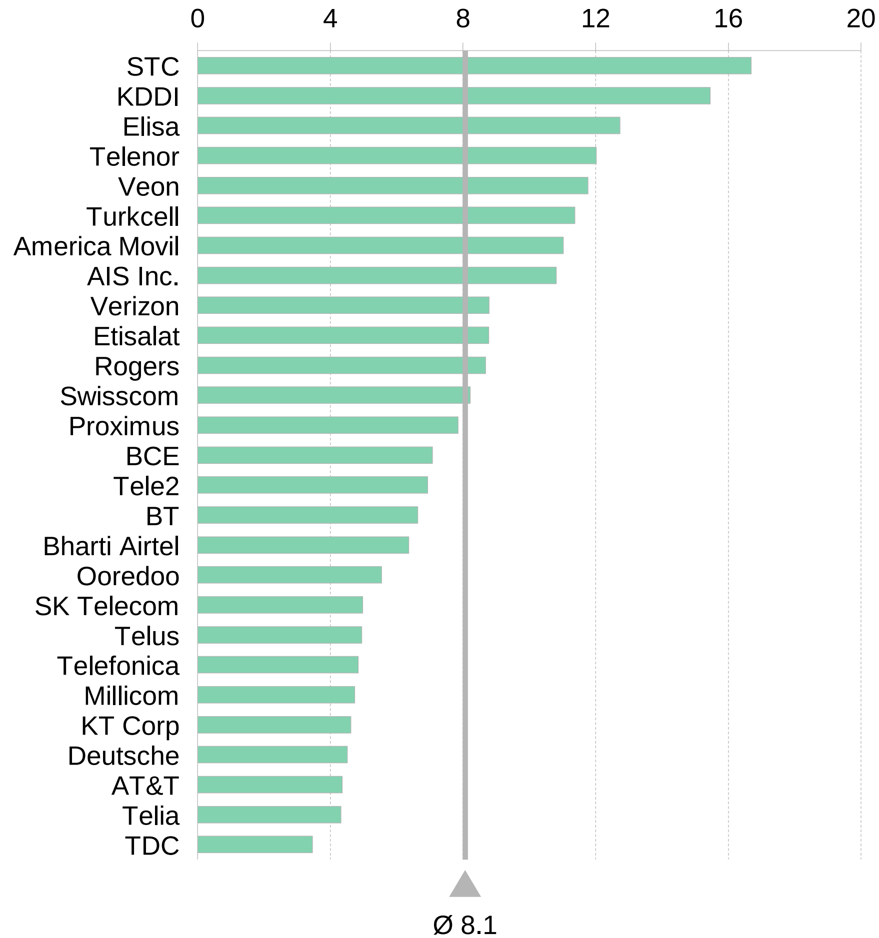
ROIC of the operator segment averaged at 8.1%; STC outperformed its peers with a ROIC of 17%, followed by KDDI at 15%



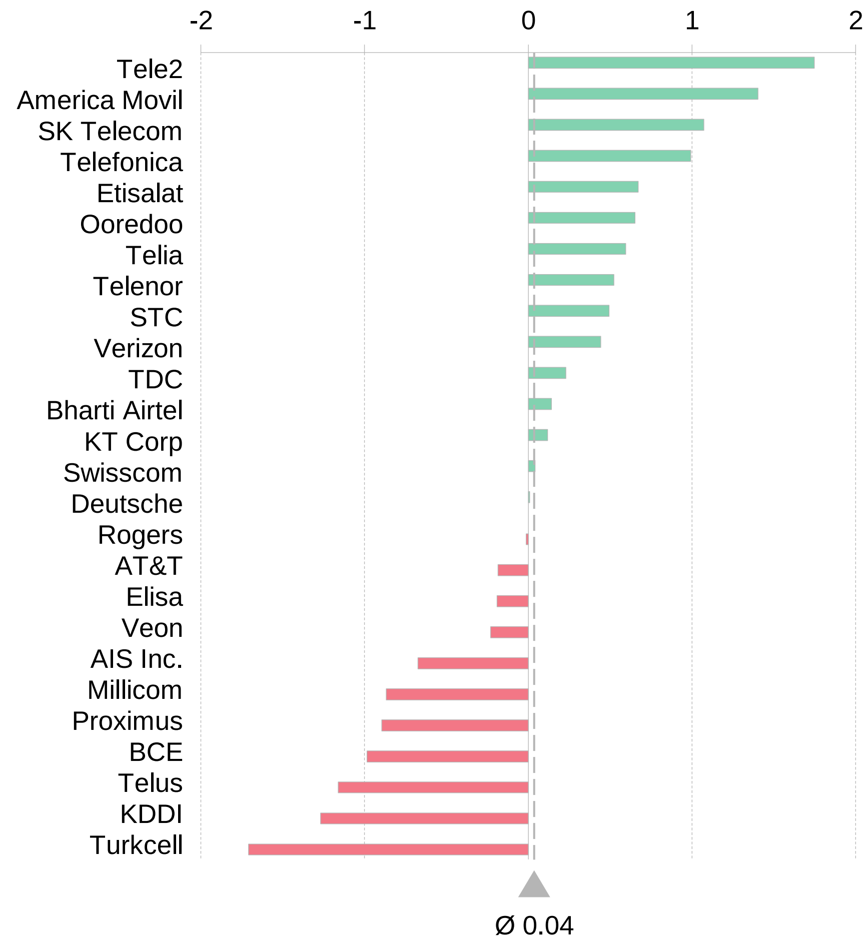
Notes: ROIC = Return on Invested Capital (actual return that the company has generated after tax). The included companies differ from previous quarter.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

ROIC development of operators is constricted within 2 pp.; Tele2's ROIC improved by 1.75 pp. due to a NOPAT margin growth of 5 pp.

ROIC by operator
LTM (Q2' 20 – Q1' 21), %



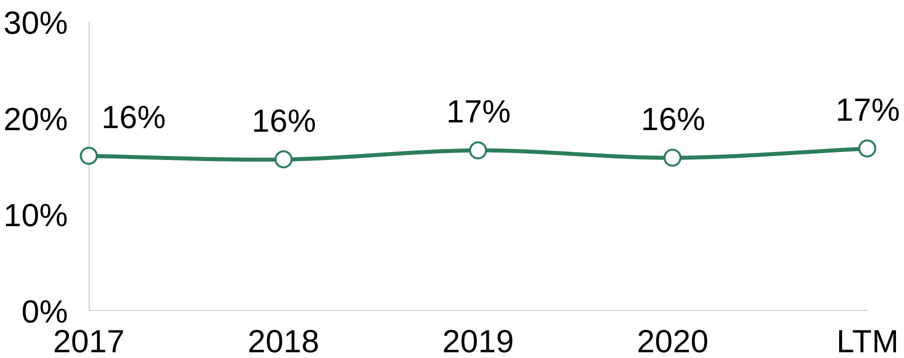
ROIC development by operator
Delta (LTM vs. LTM-1), p.p.



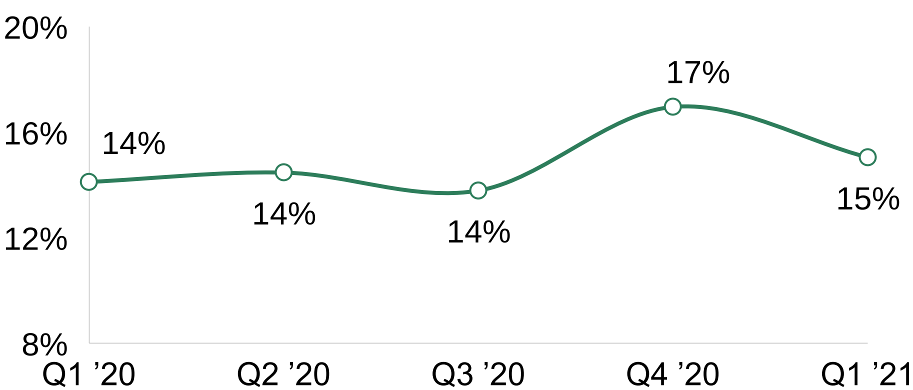
Note: The included companies differ from previous quarter. British Telecom is excluded from ROIC development analysis due to insufficient data.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

CAPEX ratio has been stable across the past five years; North American operators have undergone the largest CAPEX reduction compared to 2017

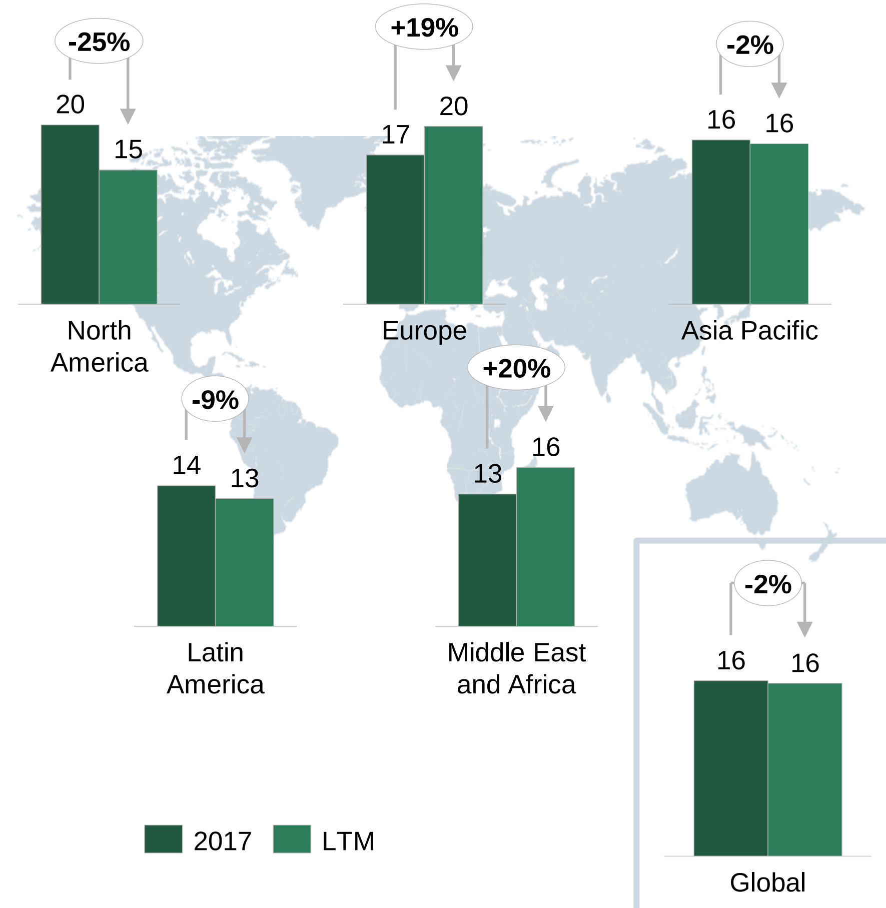
Yearly CAPEX over sales development
2017 - LTM, %



Quarterly CAPEX over sales development
Q1'20 – Q1'21, %



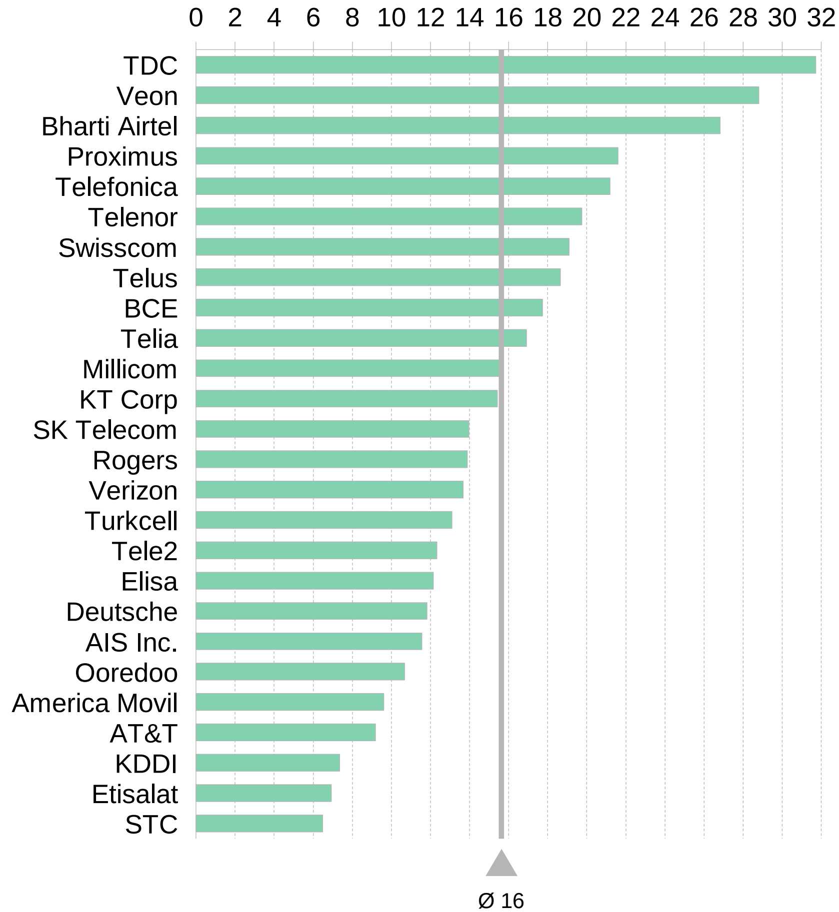
CAPEX over sales by region
% of sales, 2017 and LTM



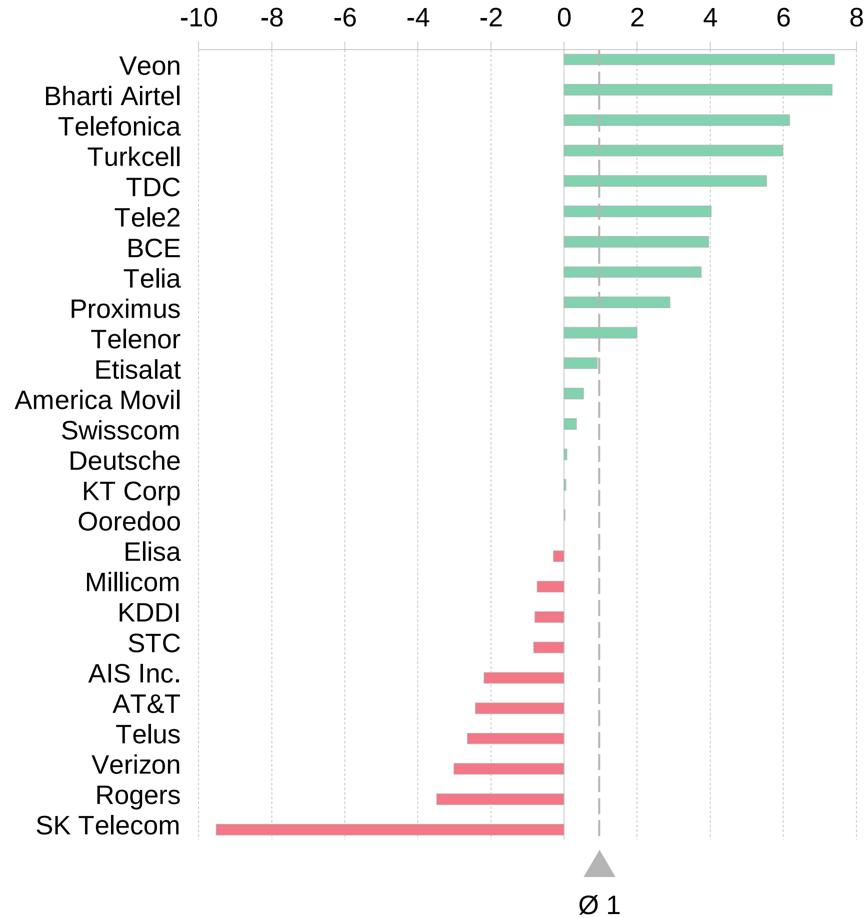
Note: The included companies differ from previous quarter.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

SK Telecom reduced CAPEX by ~2 billion USD in 2020 and continues to cut back on CAPEX as initial phase of 5G network expansion concludes

CAPEX over sales by operator
Q1'21, %



CAPEX over sales development by operator
Delta (Q1'20 vs. Q1'21), p.p.



Note: The included companies differ from previous quarter. British Telecom excluded from analysis due to missing data.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

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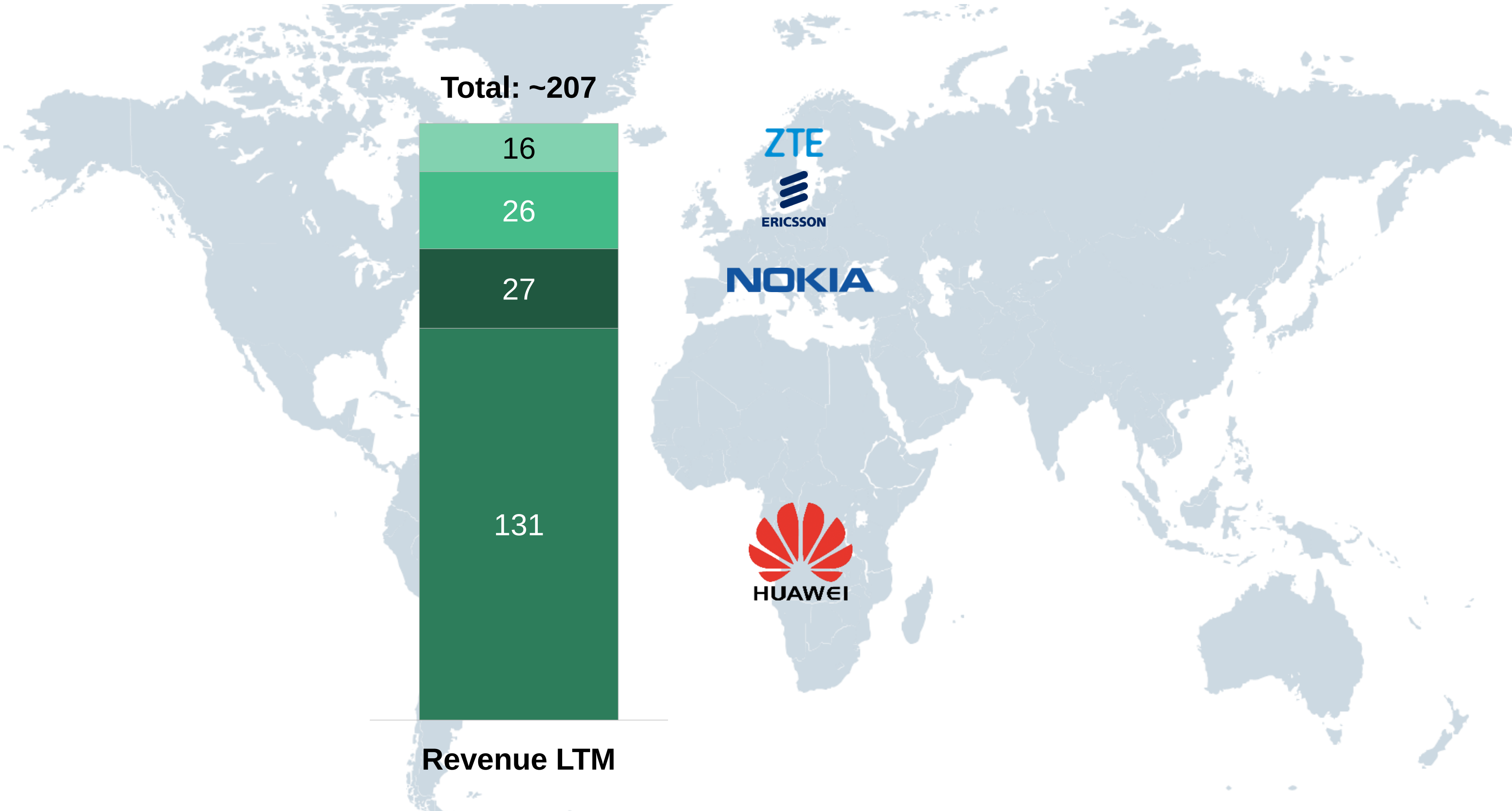
The Q1 2021 report includes the four major infrastructure players

Report overview
Revenue in BUSD



Note: Revenue based on group revenue. Huawei LTM revenue data based on market projections.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

Key takeaways from the Infrastructure OEM segment

Key takeaways

Creating Shareholder Value

1. Ericsson’s ROIC increased by 33.3 pp. over the past five year, leading the segment. Nokia followed with 6.1 pp. improvement
2. Huawei and ZTE’s ROIC decreased 14.6 pp. and 7.4 pp respectively over the past five years due mostly to reduction in CTR

Revenue Performance

1. Ericsson’s sales grew by double digits in all regions except for MEA
2. ZTE’s revenue has been growing steadily due to strong sales in Mainland China and other Asian countries

Margin Performance

1. Nokia’s NOPAT margin advanced by 3.9 pp. in LTM as COGS ratio and R&D ratio both witness reduction
2. ZTE’s COGS ratio rose to ~70%, lagging behind other players in the segment

Capital Efficiency

1. Since 2019, CTR of Huawei has fallen from 2.8 to 1.9, while ZTE fell from 3.3 to 1.7 within the same time frame
2. Ericsson continues to lead the segment with a CTR of 2.5

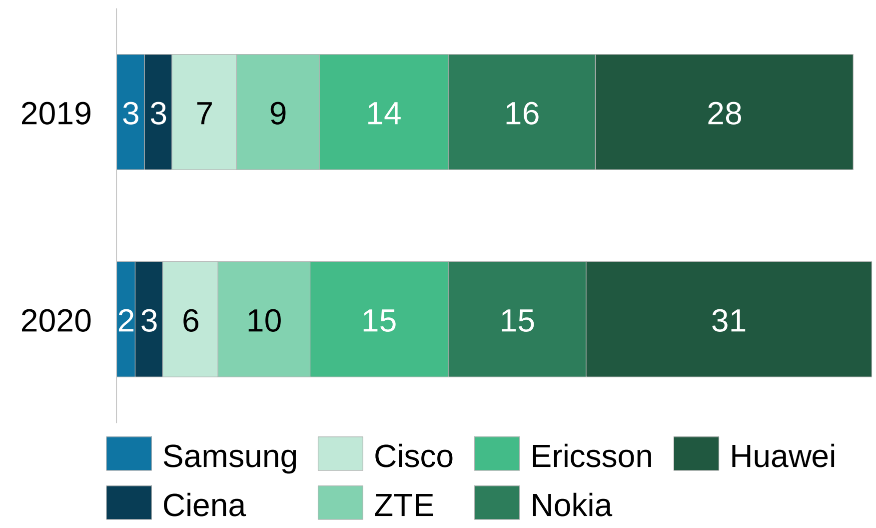
Note: Comprehensive Huawei and ZTE LTM data missing.

Events across the Infrastructure OEMs sector from the last 3 months

News and happenings for infrastructure OEMs

Mar-2021	**ZTE** Corporation, an international provider of telecommunications, enterprise and consumer technology solutions for the Mobile Internet, announced that ZTE and the Jiangsu branch of China Unicom have jointly established a 5G Messaging Openlab
Apr-2021	**Oi** and **Huawei** have joined forces to provide a premium private line solution based on optical transport networks (OTN) for the corporate market. Huawei and Oi launched the first premium OTN private line service in Brazil, providing private line connections with ultra-low latency and ultra-high reliability for the finance sector and other industries
May-2021	**Ericsson** and Volvo Cars have become the first to carry out successful test handover of connected cars between two national mobile 5G networks.
May-2021	**Ericsson** and leading Italy-based cyber and security solutions company, Leonardo, are partnering to explore and develop new 5G solutions and business models spanning industrial, public safety and critical infrastructure
May-2021	**Nokia** claimed a significant reduction in time taken to add AI to mobile networks after developing a set of use cases to deliver as a service on Microsoft's Azure public cloud.
May-2021	**Nokia** announced the launch of new additions to its industry-leading AirScale small cells portfolio for premium indoor and outdoor 5G coverage. Nokia's new products include enhanced hardware and support the majority of frequency bands, including requirements for C-Band spectrum in the U.S.

Telcom Equipment Market Share by Revenue
%

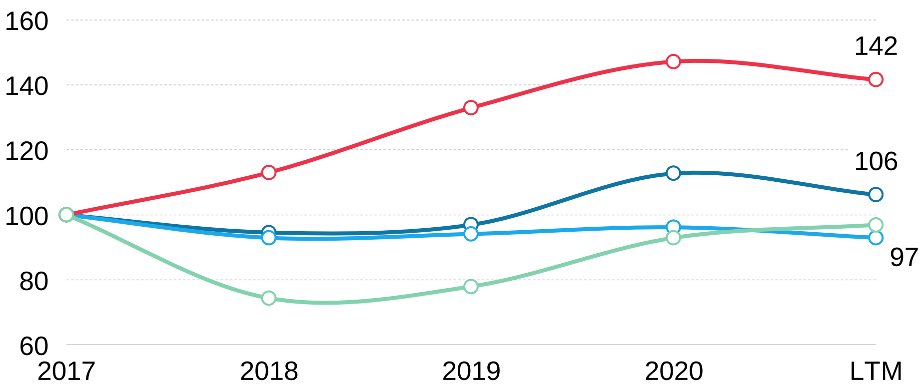


Dell'Oro Group estimated the overall telecom equipment market advanced 7% YoY during 2020. Mobile Core Networks and RAN both achieved faster growth than expected.

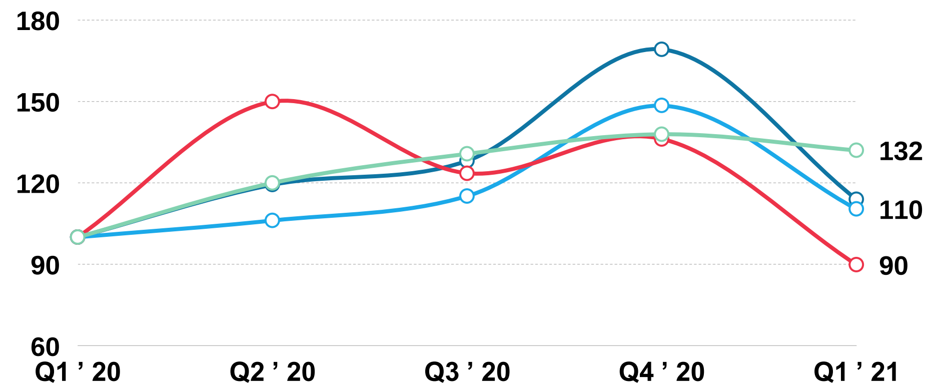
Source: Press & News, Statista, Dell'oro Group, Applied Value Analysis

As global network upgrade accelerates, all infrastructure vendors achieved double-digit YoY revenue growth except for Huawei

Indexed Yearly Group Revenues
2017 to LTM (index 2017=100)

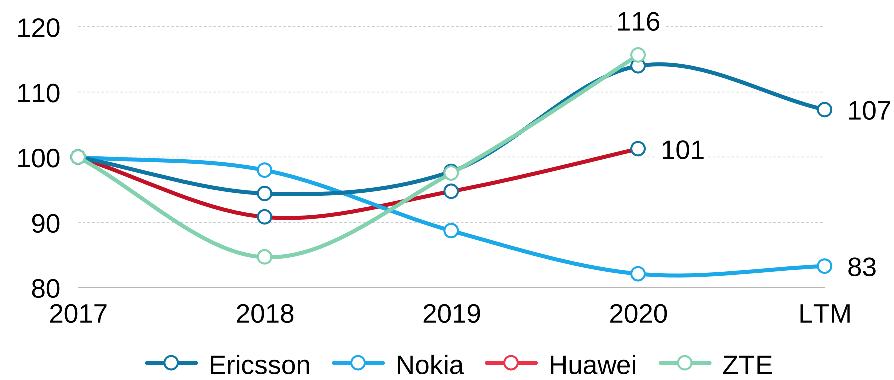


Indexed Quarterly Group revenues
Q4’19 – Q1’21 (index Q4’19=100)



- Nokia reported YoY net sales increase of 3%, driven by strong growth in Network Infrastructure and Mobile Networks
- Ericsson’s sales grew by double digits except for Middle East and Africa sales. A 78% YoY revenue increase was recorded for Northeast Asia as Network and Digital Services sales surged in markets outside of Mainland China
- In response to unfavorable business environment, Huawei divested its Honor business unit while placing more emphasis on patent royalty as a source of revenue
- ZTE’s Q1’21 revenue increased 32% YoY. Sales in China grew by 16.9% YoY, while sales in Europe, Americas and Oceania slipped slightly by 1.3% YoY

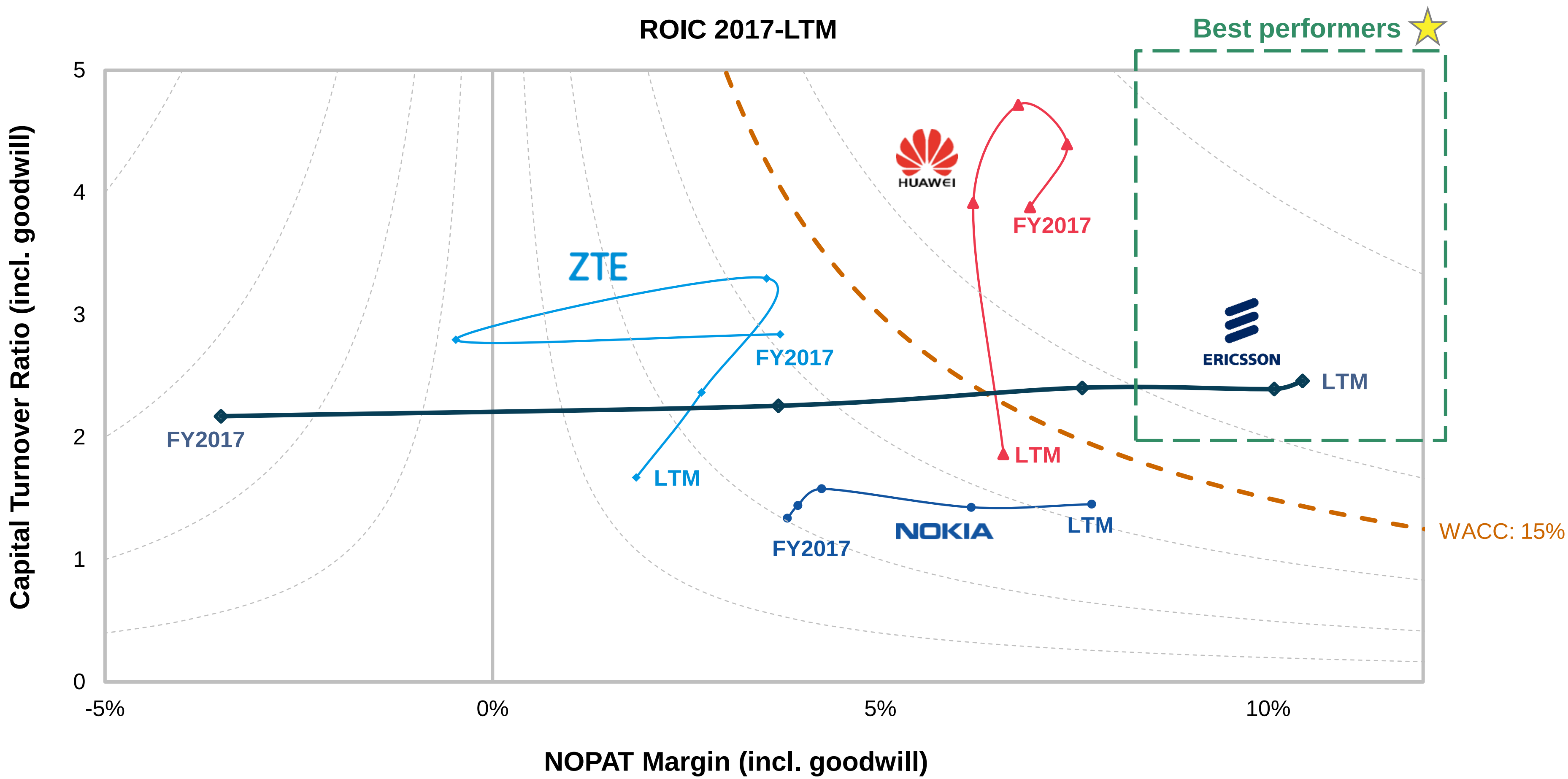
Indexed yearly segment revenues
2017 – LTM (index 2017=100)



Notes: Fiscal years are used in the yearly analysis. Included segments per company: Huawei (Carrier), Ericsson (Networks, Digital Services, Managed Services), Nokia (Networks, Software), ZTE (Operator Network).

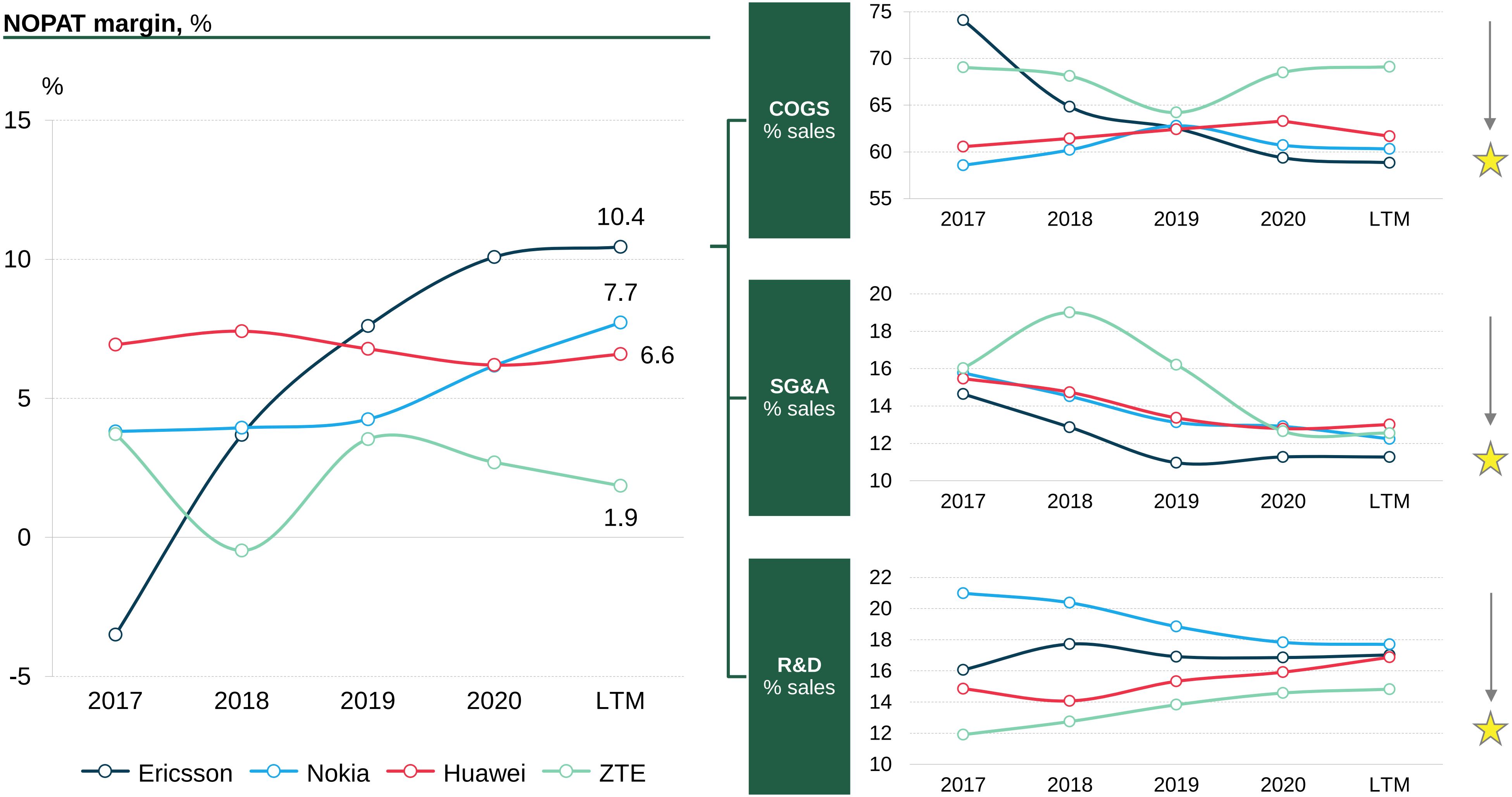
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

ROIC of Ericsson and Nokia improved continuously over the past five years, achieving 13.9 pp. and 3.9 pp. of growth respectively



Note: Fiscal years are used in the yearly analysis. Huawei reports annually. LTM ROIC analysis of Huawei and ZTE is based on data from 1Q'20 – 4Q'20.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

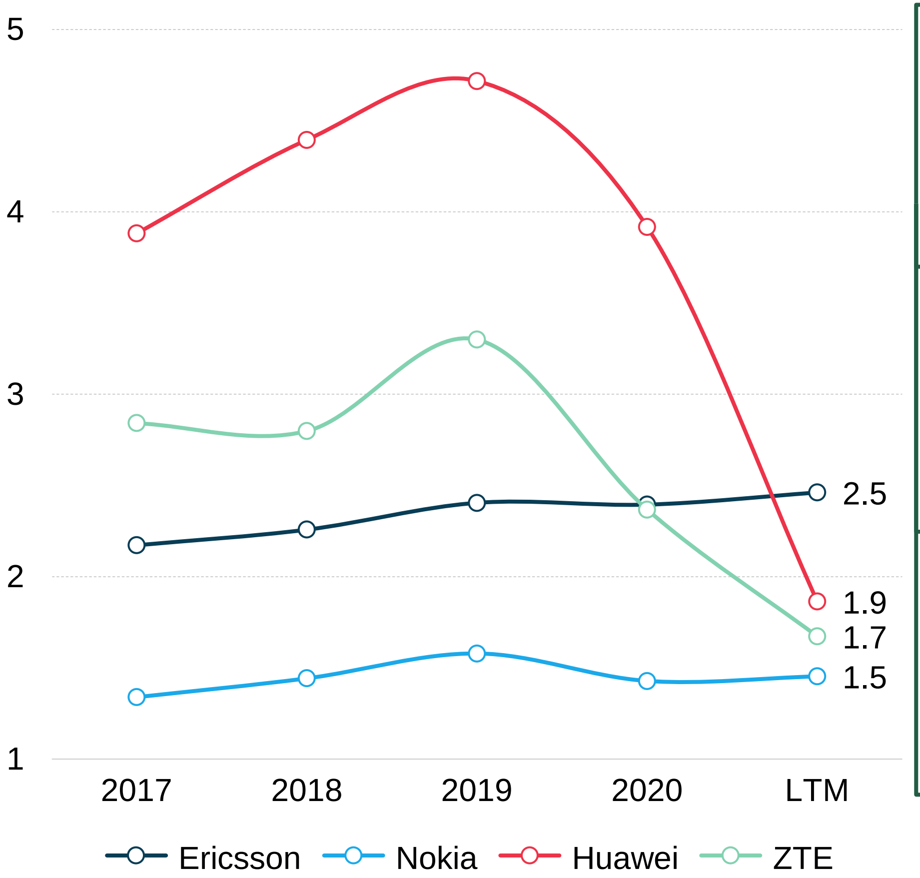
ZTE's COGS ratio is around 10 pp. higher than it peers, weighing its NOPAT margin down to 1.9%, falling significantly behind

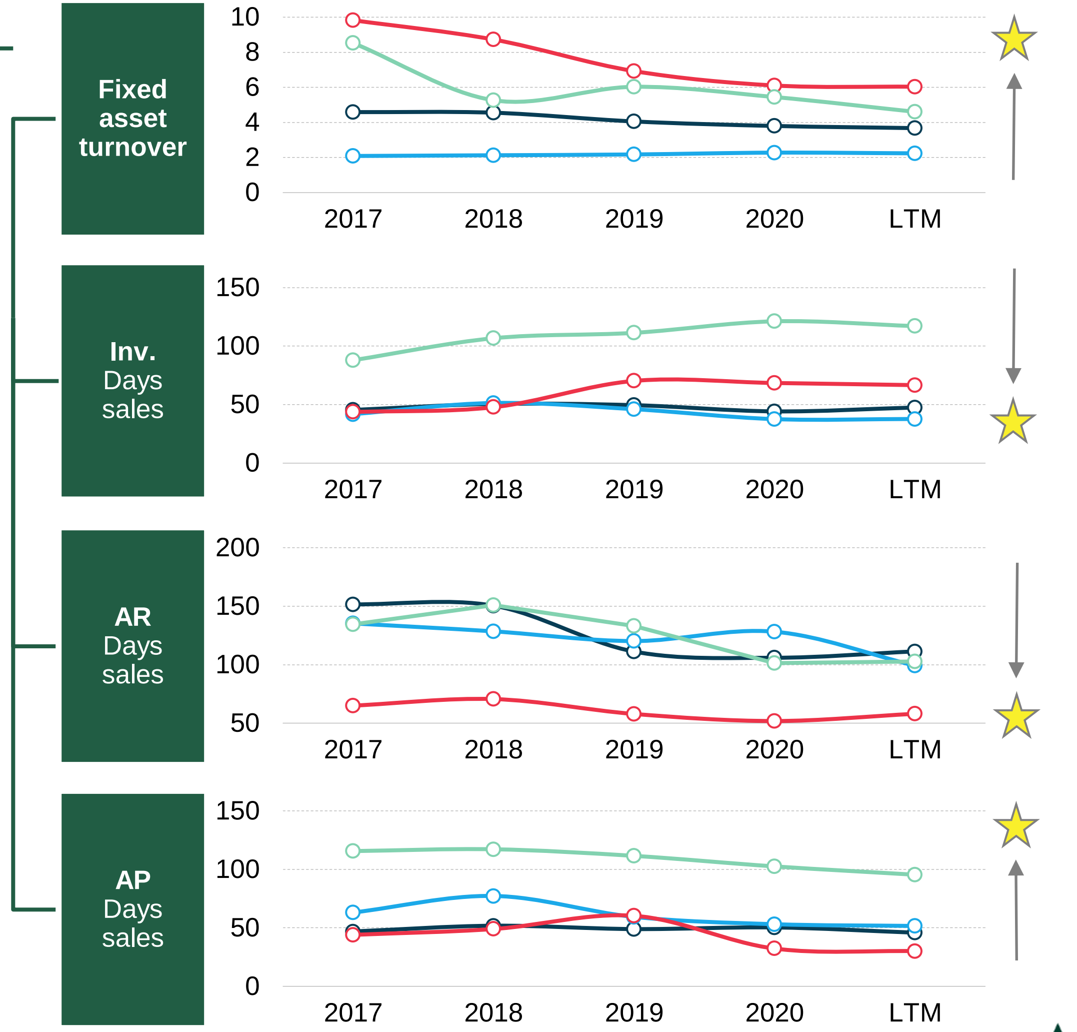


Notes: Fiscal years are used in the yearly analysis. LTM analysis of Huawei and ZTE is based on data from 1Q'20 – 4Q'20.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

Nokia's Fixed asset consistently falls behind its peers averaging at around 2.2 over the past five years, leading CTR to hover around 1.5

Capital turnover ratio (CTR)



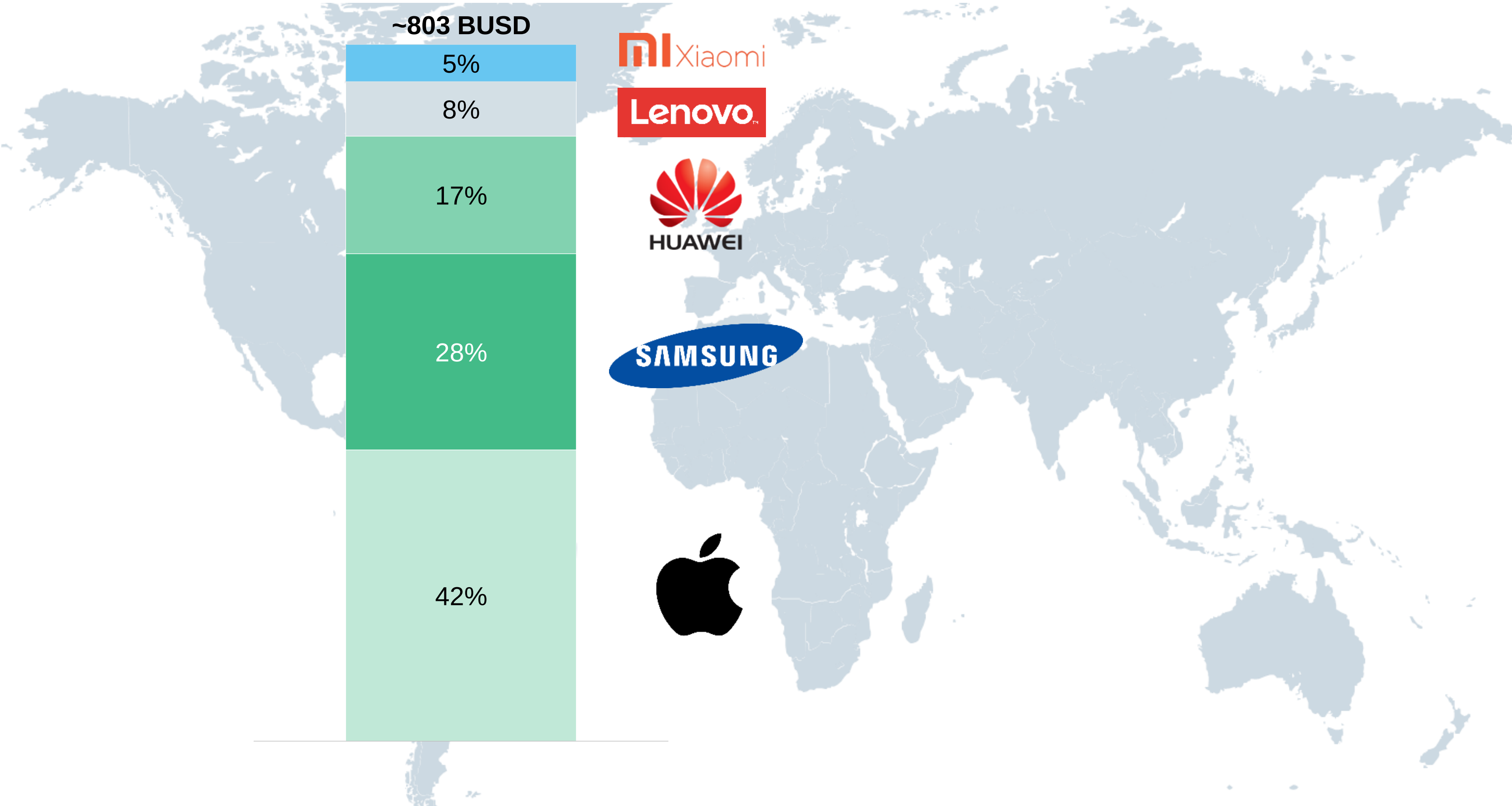


Notes: Fiscal years are used in the yearly analysis. LTM analysis of Huawei and ZTE is based on data from 1Q'20 – 4Q'20.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

Contents

The Q1 2021 report includes seven major device manufacturers

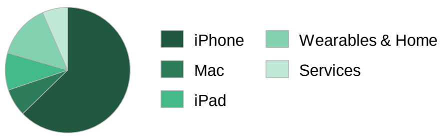
Report overview
Revenue in BUSD, LTM



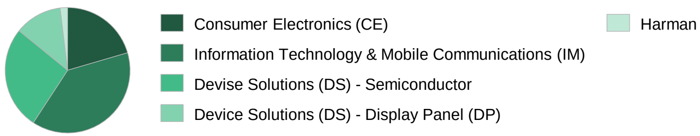
Note: Revenue based on group revenue
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

Peer overview

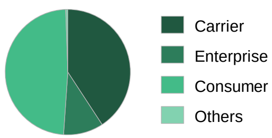
Company | **Business segments and revenue share in 2020, %** | **Description**



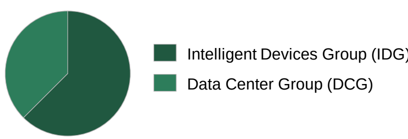
- iPhone: Mobile Phones
- Services: iTunes Store, iCloud, Apple Pay, other services
- Mac: Laptops & Personal Computers
- iPad: Tablets
- Wearables & Home: Apple Watch, Apple branded accessories for Apple products



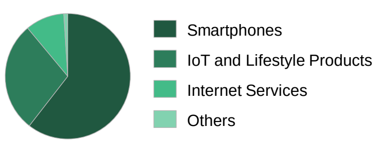
- Information Technology & Mobile Communications: Mobile Phones, Communication systems and computers
- Device Solutions: Semiconductor Business and display panels
- Consumer Electronics: TVs, monitors, printers, air conditioners and refrigerators
- Harman: Infotainment, connected solutions for automakers, and consumers



- Carrier: Building telecommunications networks and services
- Enterprise: Equipment, software and services to enterprise customers
- Consumer: Manufacturing of electronic communication services (e.g. phones)
- Others: Communication services not applicable to above descriptions



- IDG: Personal computer and smart devices, and mobile businesses
- DCG: Provide data center solutions



- Smartphones: Mobile devices, Smartphone, Tablet
- IoT & Lifestyle products: Smart TVs, scoters, vacuum cleaners, cameras, etc.
- Internet Services: Preloaded apps, services and advertisements
- Other: Miscellaneous additional services and products

Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

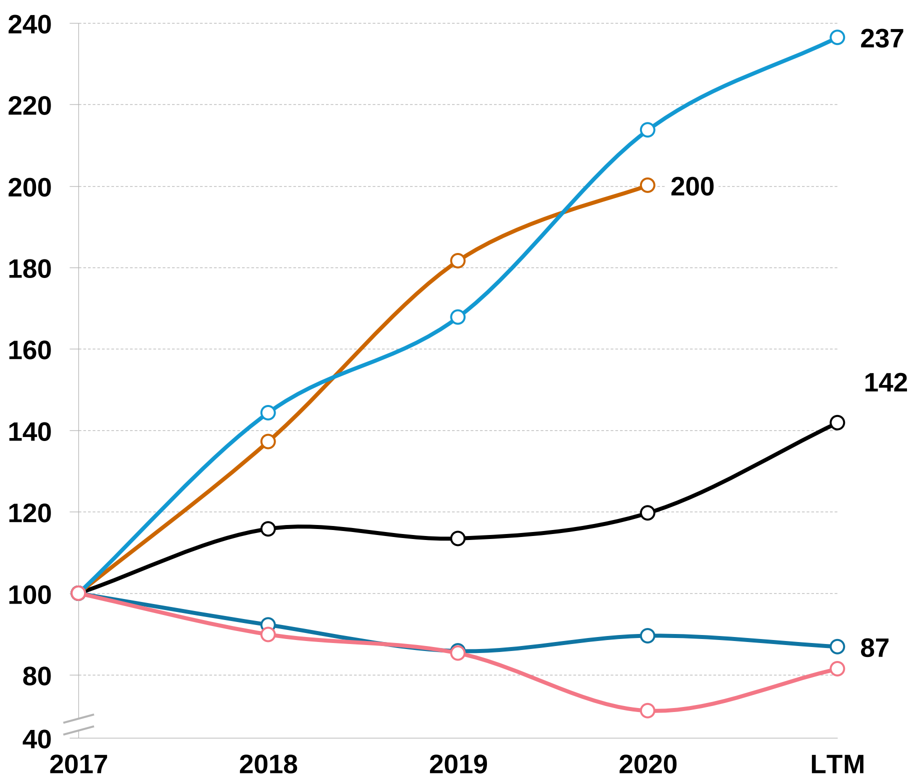
Key takeaways from the Device OEM segment

Key takeaways

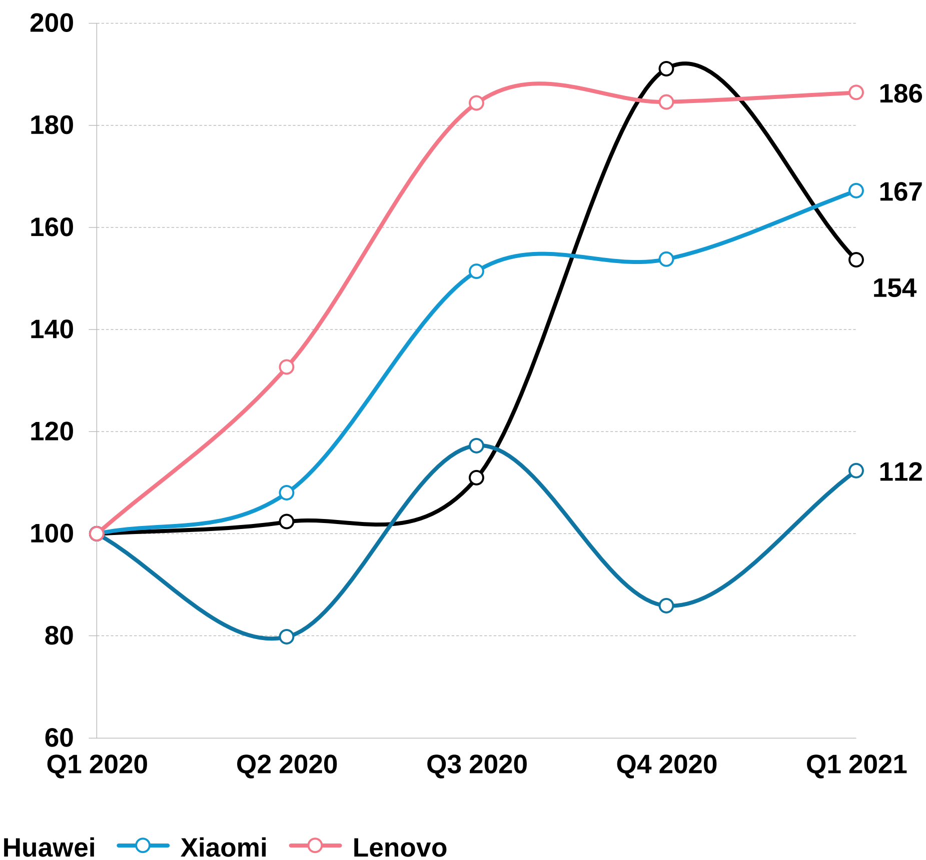
Creating Shareholder Value	1. Apple's ROIC far exceeds its peer, reaching 219.8% in LTM, followed by Lenovo at 27.1% 2. Xiaomi's ROIC saw significant improvement in LTM, improving 8.3 pp. when compared with 2020
Revenue Performance	1. Xiaomi experienced 67% of YoY revenue growth in Q1'21. Xiaomi is now the third largest smartphone vendor by shipment 2. Lenovo's mobile segment (Motorola) also saw significant growth of 86% YoY with innovative product launches over the past year
Margin Performance	1. NOPAT margin of Apple reached ~20%, the highest over the past five years 2. Xiaomi and Lenovo saw NOPAT margin advancement of 0.9 pp. and 0.7 pp. respectively in LTM
Capital Efficiency	1. Apple, Lenovo and Xiaomi saw CTR improvement of 5.18, 1.74 and 1.29 respectively in LTM 2. Days sales outstanding in the segment averaged around 46 days in LTM

Xiaomi experienced 67% YoY revenue growth in Q1'21, adjusted net profit reached record high with an increase of 163.8% YoY

Segment Yearly revenue development
2017 - LTM (index 2016=100)



Segment Quarterly revenue development
Q4'19 – Q1'21 (index Q4'19=100)



Note: Included segments per company: Huawei (Consumer business), Samsung (Information technology and mobile communication), Apple (All segments), Xiaomi (All segments), Motorola (Products and System Integration)

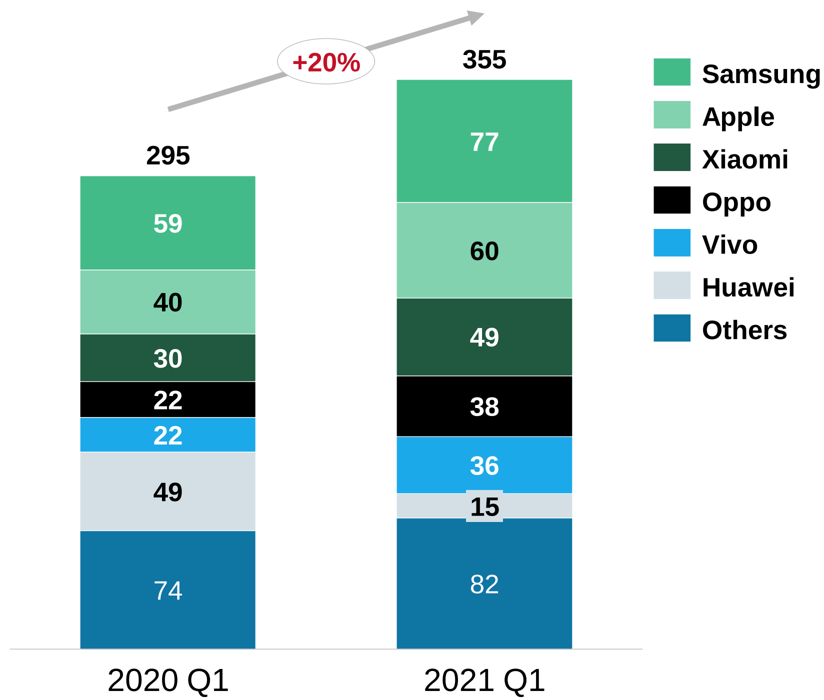
Source: CapitalIQ, Annual/Quarterly/Half Year Reports

Events across the Device OEMs sector from the last 3 months

News and happenings for Device OEMs

Apr-2021	**LG** confirmed on April 5th the disbanding of its smartphone operations is expected to conclude by this summer. Samsung and Apple launched trade-in programs for LG phones in South Korea to fill the vacuum left by LG's exit
Apr-2021	Backed by strong mobile sales led by its flagship Galaxy S21 line, **Samsung**'s profit rose 46.3% compared to Q1'20
Apr-2021	**Huawei** is expanding its smart car partnership with Changan Automobile to include the design and development of auto-use semiconductors, it would represent a significant expansion for Huawei's chip business after US sanctions
May-2021	**Xiaomi** recently applied a series of trademarks related to its EV strategy, including "Internet of Vehicles" and "Xiaomi Zhillian." Previously, the company also trademarked "MiCar," "Xiaomi Travel," and "Xiaomi Auto."
May-2021	**Lenovo** opens first European factory in Hungary, the new factory will manufacture products across Lenovo's portfolio including desktop computers, workstations and data center products for customers in Europe and MEA regions
May-2021	**Oppo** showcased a concept phone with a rollable and expandable display. The handset has a flexible display and structural stacking mechanism featuring a number of Oppo's proprietary technologies

Global smartphone shipments
Million units

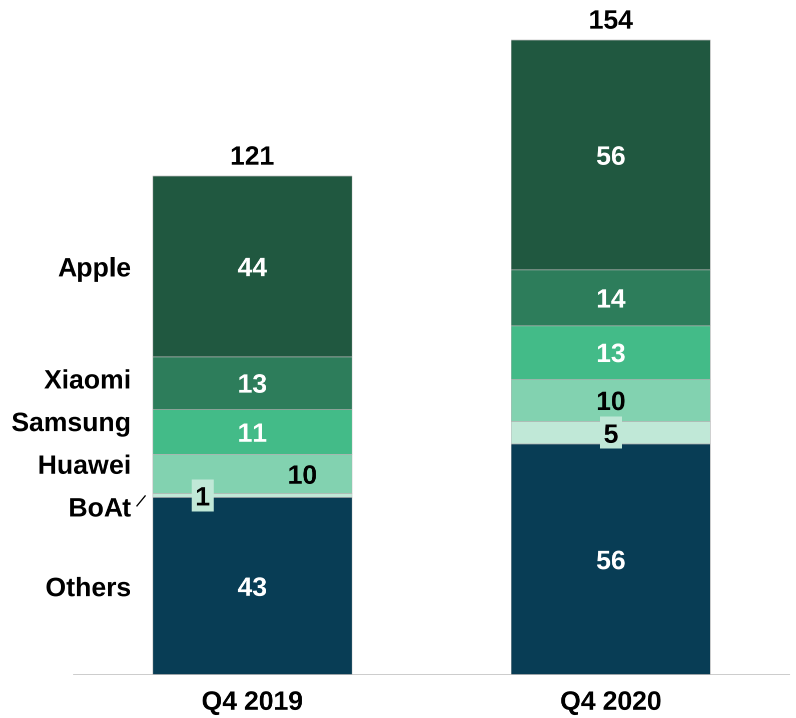


The global smartphone market posted record first-quarter revenues driven by strong revenue growth of top five OEMs. Shipments in regions including Europe, China and India were stronger than expected.

Source: Counterpoint Research, IDC, Capital IQ, Annual & quarterly reports, Applied Value Analysis.

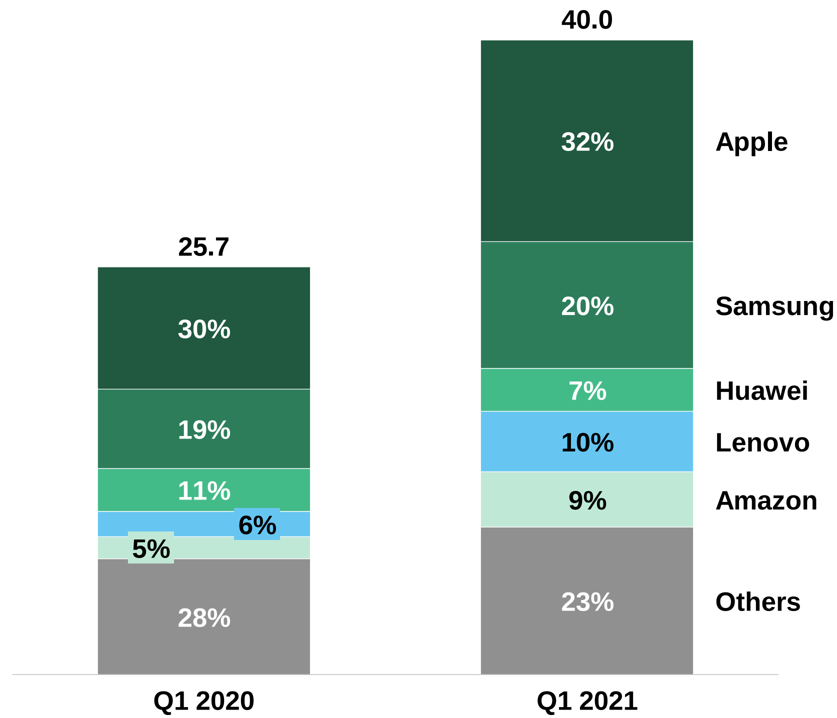
Economic recovery continues to stimulate demand of tablets and wearables, YoY shipment grew by 55.6% and 27.2% respectively

Global wearables shipments
Million units



Worldwide shipments of wearable devices reached 153.5 million in the fourth quarter of 2020 (4Q20), a year-over-year increase of 27.2%. Shipments for the full year grew 28.4% to 444.7 million units.

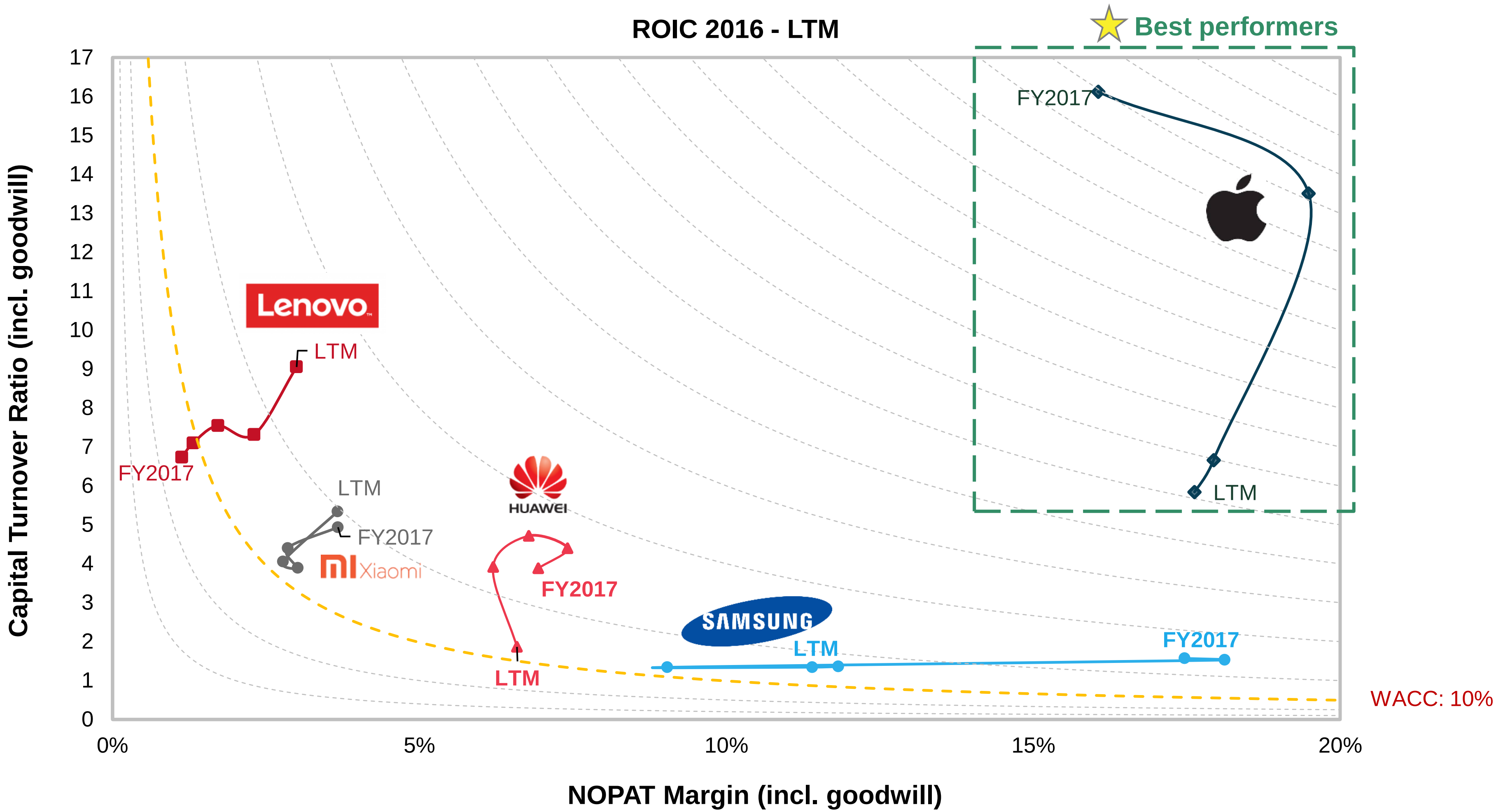
Global tablet shipments
Million units



Tablets' sales in Q1'21 grew 55.2% YoY growth and shipments totaling 39.9 million units. However, as buyers increasingly turn towards competing products, such as thin and light notebooks, the future of tablets will remain under constant competition

Source: IDC, Counterpoint Research and Applied Value Analysis.

ROIC of Lenovo and Samsung enhanced the most in 2020 at 3.9 p.p. and 3.2 p.p. respectively

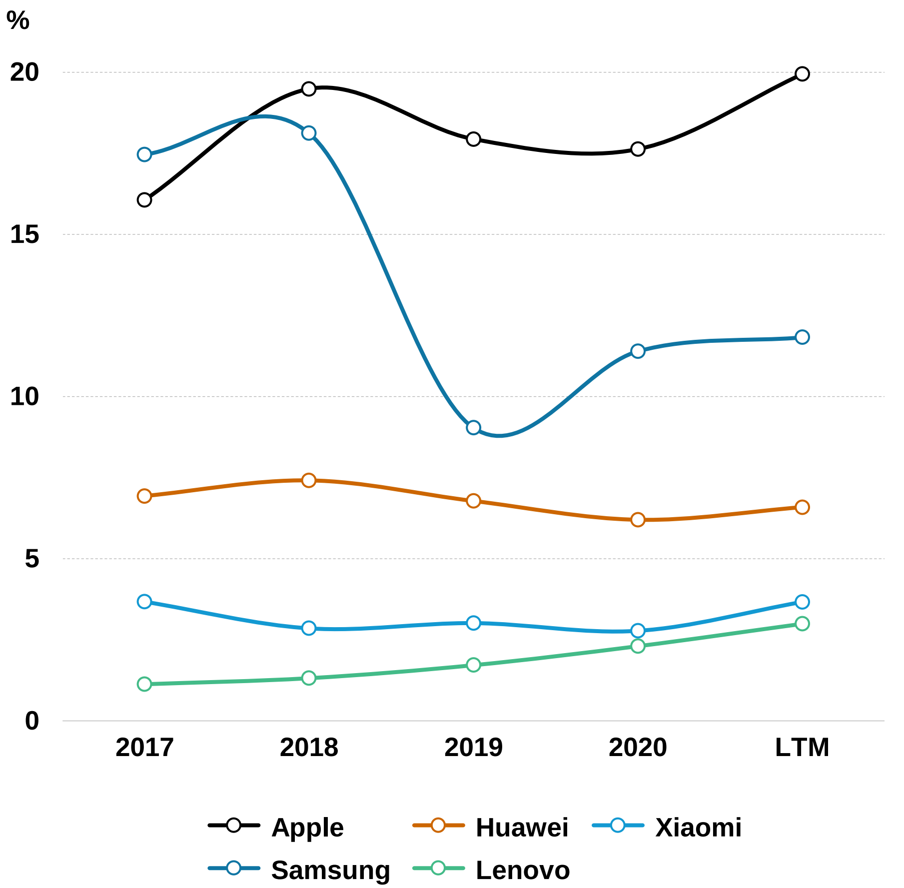


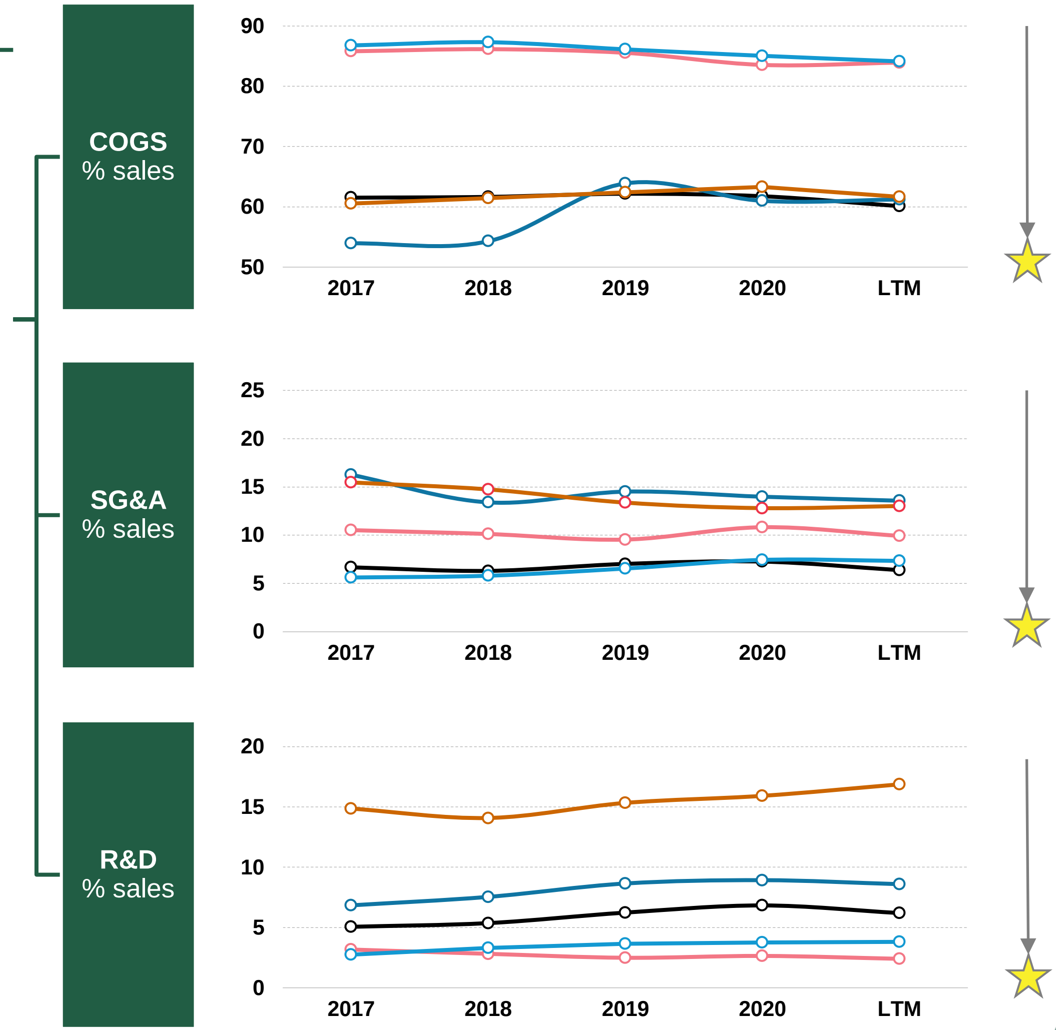
Notes: Fiscal years are used in the yearly analysis. LTM data of Huawei based on 1Q'20 – 4Q'20.

Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

Apple's achieved a NOPAT margin of ~20% in LTM; R&D over sales ratio of Huawei exceeds its peers by at least 8 pp.

NOPAT margin, %

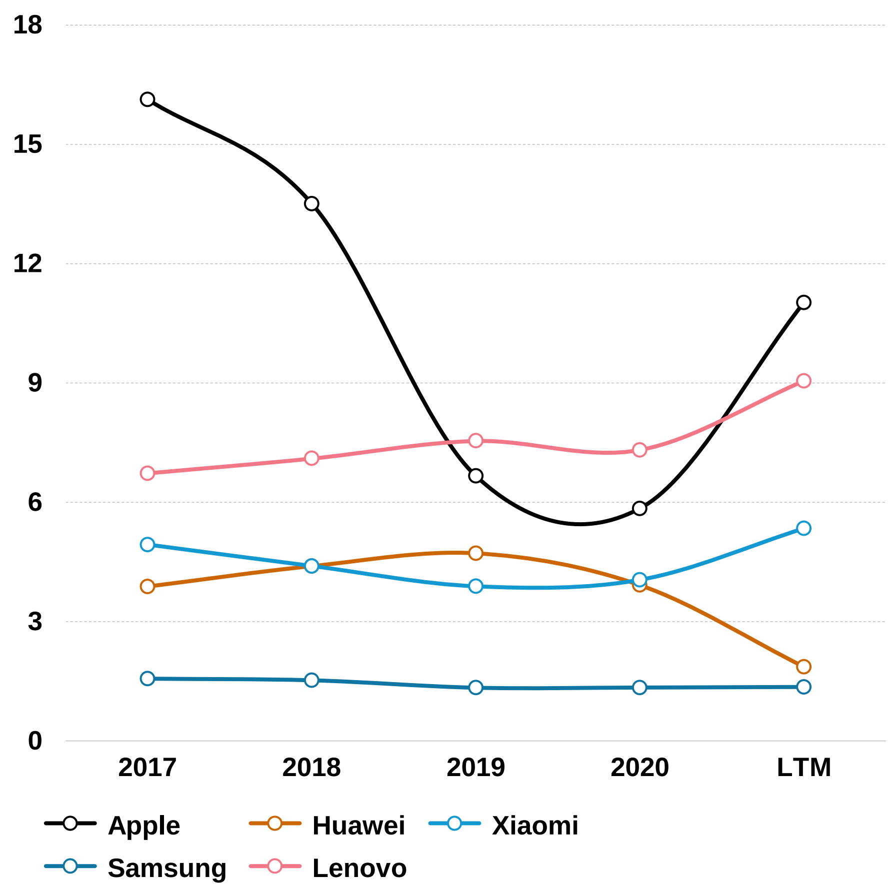


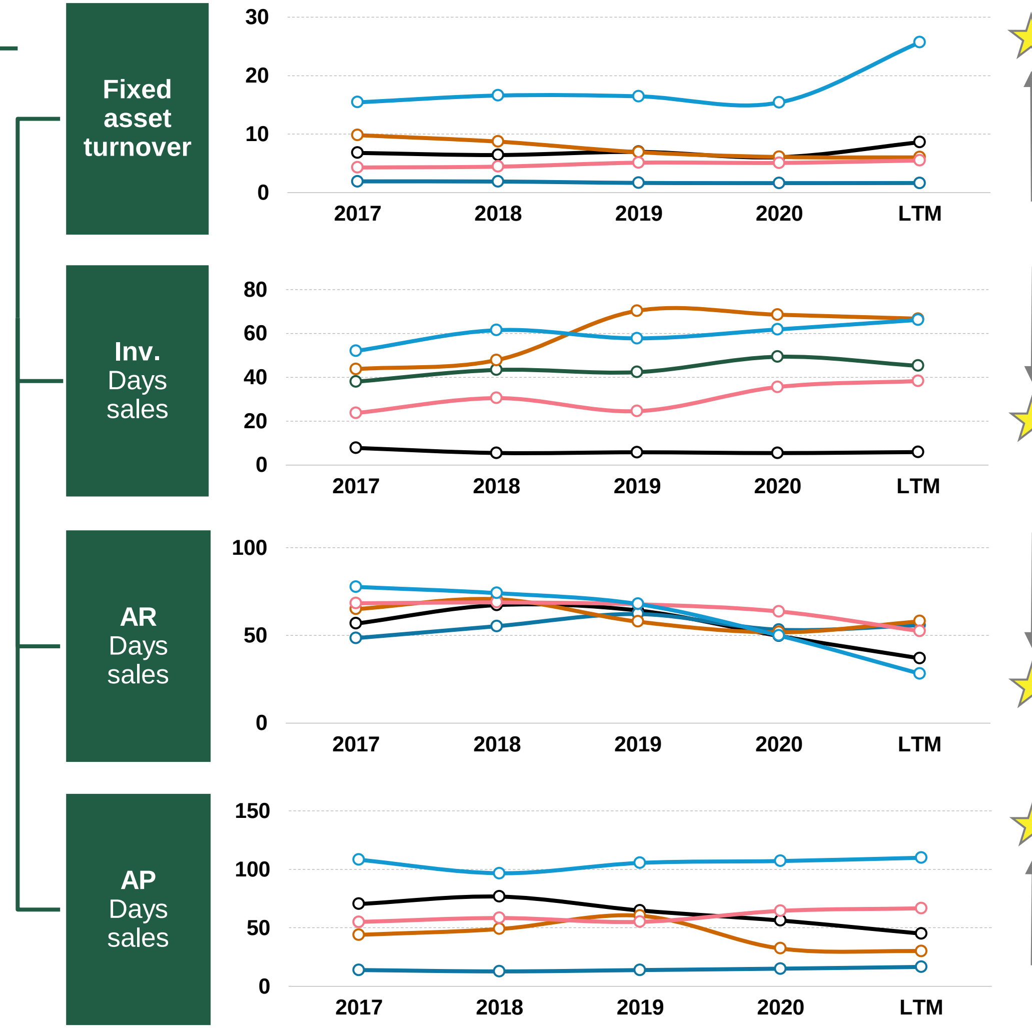


Notes: Fiscal years are used in the yearly analysis. LTM data of Huawei based on 1Q20 – 4Q'20.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

CTR of Apple, Lenovo and Xiaomi started to uptick in LTM as fixed asset turnover tilts upward; CTR of Huawei continues to decline reaching ~1.9

Capital turnover ratio (CTR)





Notes: Fiscal years are used in the yearly analysis. LTM data of Huawei based on 1Q20 – 4Q'20.
Source: Capital IQ, Annual & quarterly reports, Applied Value Analysis.

Contents

Applied Value is a management consulting & investment firm founded on the principles of lean growth and entrepreneurship

1997

Background as an internal change agent in the **Kinnevik Group**…

KINNEVIK

…today, a hands-on consultancy supporting clients **across industries**

2021

Industries of Expertise

- Telecom & Media
- Chemicals & Process
- Industrials & Engineering
- Consumer Goods
- Automotive

Applied Value Group

Investments

Management Consulting

Social Impact

Selected portfolio companies

HUMAN CARE, COSMOSID, rivermeadow, Bake My Day, Division 5 Inc Steel Fabrication, Kaunis Iron, PNP Stålhallar, Sourcing Value, Söderfors Steel

APPLIED VALUE

CIO, Hand in Hand, Straight Ahead Ministries, World Vision, Exodus, Opportunity International, Wenham House, KRIS, Code for Life

ROI driven

Fact-based

Practical over theoretical

Hands-On

Global perspectives

Our Lean Growth framework is based on Focus, Simplicity, Speed – guiding principles to raise client performance

Lean Growth

Focus

- ✓ Define strategic focus
- ✓ Excel in key capabilities
- ✓ Use partners for non-core activities

Simplicity

- ✓ Reduce complexity
- ✓ Simplify and standardize processes, organization and supply chain

Speed

- ✓ Set targets
- ✓ Measure and improve
- ✓ Reduce Market-Customer-Cash Time

Example Offerings

- **Strategy & Organization -** Go-to-Market Strategy, G&A Productivity, Capital Management, Digitalization & IT
- **Commercial Excellence & Pricing -** True Profitability, Portfolio Optimization, Sales Efficiency, Pricing Model, Governance
- **Sourcing & Procurement -** Sourcing Strategy, Negotiations, Risk Management, SRM, Competence Development
- **Supply Chain & Operations -** Supply Chain Strategy, Inventory Management, Operational Excellence
- **Product & Innovation -** Portfolio Profitability, VA/VE, R&D Strategy & Efficiency, Product Lifecycle Management
- **Mergers & Acquisitions -** Commercial Due Diligence, Operational Due Diligence, Post-Merger Integration

Applied Value challenges and supports repeat global clients across industries from six offices

Selected clients

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