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## Exclusive: Ahead of 5G, Euro power Kathrein elbows into U.S. market with Plano expansion

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Americans might not know how to say Kathrein – pronounced Kah-trane, not “Katherine.”

But the company wants its North American base in North Texas – to which it is adding 70,000 square feet – to drive a foray into the U.S. market. And 5G will be no small part of the plan.

Rosenheim, Germany-based Kathrein is one of several companies eyeing the opportunity presented in the U.S. by the massive infrastructure needs of the next generation of wireless. While about 200,000 cell towers power the country’s current networks, experts say the amount needed to power 5G will be exponentially higher.

During his trip this week to Plano, Anton Kathrein Jr., the company’s CEO, told the Dallas Business Journal that the number of small cell sites needed could be as high as five million.

“In terms of the potential growth, the numbers are huge,” said Jim Nevelle, CEO of Kathrein USA.

A powerhouse in Europe, the private company recorded revenue of \$1.6 billion in 2014, according to Forbes. (A representative declined to provide specific global or U.S. revenue numbers but told the Dallas Business Journal in an email that Kathrein is a \$1 billion+ company). It’s success comes from making antennas – the company is the largest LTE antenna manufacturer in the world. It is also the world’s largest car antenna and broadcast antenna manufacturer, Nevelle said.

U.S. success has been trickier. The company employs about 50 in North Texas, with plans to expand.

To that end, Kathrein held a ribbon cutting Tuesday for a new 35,000 square feet of warehouse space. German beers were cracked. Pretzels were consumed. A spokesperson said that earlier that morning, the company had signed on another 35,000 square feet next door.

About an hour after the snip of the ribbon, Nevelle and Kathrein Jr., the third generation of the Kathrein family to lead the company, settled into a conference room.

“In Europe, we’re the 600-pound gorilla in this space,” Nevelle said. “In North America, we’re a 200-pound gorilla. So, we have a lot of market share that we still need to go after.”



PHOTO PROVIDED

*Kathrein CEO Anton Kathrein Jr. and Kathrein USA CEO Jim Nevelle cut the ribbon at the company’s new warehouse in Plano.*

Moving to the telecom corridor was step one in that process. About a year and a half ago, Kathrein left its base in Medford, Oregon for a new North American headquarters in Richardson.

“When you look at the Dallas environment, you have Nokia’s North American headquarters here, Ericsson’s North American headquarters here, AT&T world headquarters located here,” Nevelle said. “It’s a great place to be.”

The additions in Plano are step two. The 70,000 square feet will serve as a logistics center and allow the company to do regional research and development as well as testing. It also provides them a larger physical U.S. presence as 5G approaches.

The move to 5G wireless has been sped up by the needs of modern technology, which more and more often requires ultra-fast connectivity. A first set of standards are expected out in 2018. The preparation has been vaulted toward the top of priority lists for cell phone carriers such as Verizon, AT&T and T-Mobile.

The U.S. has become “the driving force in 5G deployments,” said Kathrein Jr.

To build the infrastructure needed for wireless networks, those carriers have to pair with the companies that make the parts. As LTE in-

vestments slow and 5G investments have yet to arrive, telecom equipment makers are put in a precarious position.

Ericsson, another wireless infrastructure provider with a North American home in Plano, is proof.

The Swedish company has much to gain from 5G infrastructure buildout; it has felt the impact of a shrinking need for LTE towers. Ericsson’s second quarter revenue was down 11 percent. The company, which ousted CEO Hans Vestberg in July, has said major cost-cutting measures are coming this year.

Before he left, Vestberg told Bloomberg that sizable revenues might not return until 2020, a timeline that matches up with expected 5G deployment.

When the 5G networks start expanding, Kathrein hopes to be on the front line. And it has reason to believe it will play a significant role – a spokesperson said the company is “heavily engaged” with all North American operators on 5G.

That means its physical expansion into Plano, Nevelle said, could be only the beginning.

“This just shows the investment of what Kathrein is trying to do in North America,” he said.