



ERICSSON

ERICSSON INVESTOR UPDATE

NOVEMBER 10, 2016 NEW YORK



PETER NYQUIST
Head of Investor Relations



AGENDA INVESTOR UPDATE



09:00 Company performance, Priorities & Industry trends

Introduction – Peter Nyquist & Jan Frykhammar
Business environment & Strategic priorities
– Jan Frykhammar and Magnus Mandersson
Financial performance – Carl Mellander
Industry trends – Ulf Ewaldsson
North America – Rima Qureshi
Q&A

10:30 BREAK

11:00 Business Segments

Introduction – Jan Frykhammar & Carl Mellander
Networks – Arun Bansal & Fredrik Jejdling
IT & Cloud – Anders Lindblad & Jean-Philippe Poirault
Media – Per Borgklint

12:00 Closing

Summary and Q&A – Jan Frykhammar

12:30 LUNCH

13:15 Group meetings



INVESTOR UPDATE 2016

Nov 10, 2016

This presentation contains forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our earnings reports and our most recent annual report for a better understanding of these risks and uncertainties.



JAN FRYKHAMMAR
President and CEO

REFLECTIONS LAST 12 MONTHS



- › Mobile broadband market tougher than expected – adapting to weaker demand
- › Targeted growth areas has shown resilience in a softer market environment
- › Customers' 5G agenda has accelerated vs last year
- › Growing momentum in the Cisco partnership
- › New CEO starting January 16, 2017

RECAP OF 2016 Q3 PERFORMANCE



SEK b.	15Q3	16Q3	YoY
Sales	59.2	51.1	-14%
Gross margin	33.9%	28.3%	
Operating margin	8.6%	0.7%	
Operating cash flow	1.6	-2.3	

Q3 2016 result

- › Negative industry trend accelerated
 - Top line decline
 - Reduced gross margin
- › Opex -7% in Q3 YoY, excluding restructuring charges
- › Challenging cash flow

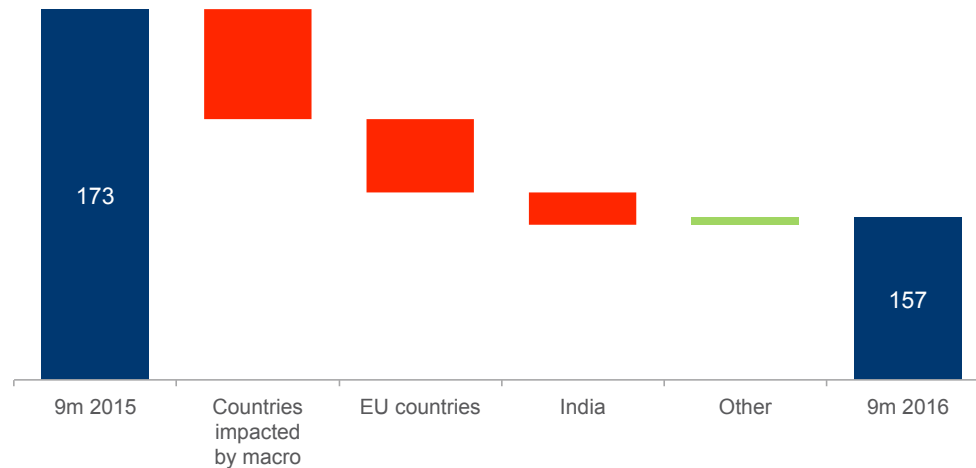
Short term planning assumptions

- › Current industry trends indicate a somewhat weaker than normal seasonal sales growth between Q3 and Q4
- › A renewed managed services contract will impact sales negatively
- › Current business mix anticipated to prevail in the short term

SALES DEVELOPMENT



Ericsson sales development (SEK b.)



Source: Ericsson Financial Reports

- › In particular emerging markets impacted by weak macro
- › Europe declined due to lower capacity sales and completion of large mobile broadband projects
- › Networks in North America stable, slight decline in Services
- › China 4G deployments continue on a high level whereas 3G decline
- › Sales in targeted growth areas up 3% year-on-year in Q3

Major decline in countries impacted by weak macro and in Europe