



ERICSSON

BUSINESS ENVIRONMENT & STRATEGIC PRIORITIES

INVESTOR UPDATE 2016

NOVEMBER 10, 2016 NEW YORK

BUSINESS ENVIRONMENT 2016



Market

Challenging macro, especially in emerging markets, impacting operator investment levels

Lower pace of operator investments in Europe, US stable and China at continued high levels

Continued industry convergence across telecom, IT and media sectors

Increased customer focus on digital transformation enabled by 5G, IoT and Cloud

Ericsson

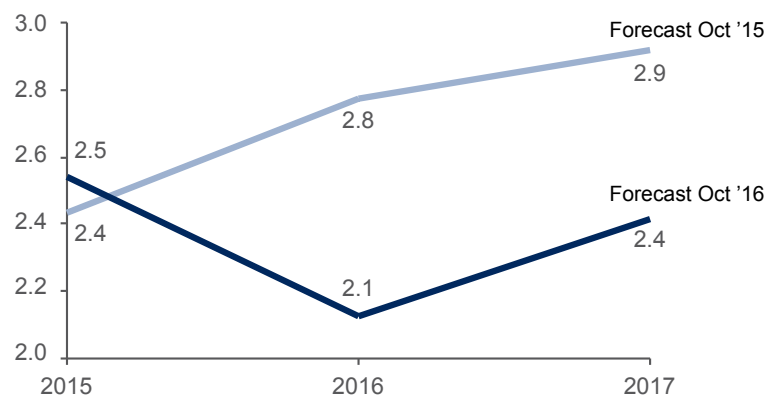
- › Sales and gross margin declined primarily related to mobile broadband business
- › Professional services margins negatively impacted by major IT projects in start-up
- › IPR market shift continues, growth potential in emerging markets and new licensing platforms
- › Cost and efficiency program on track, further short-term actions to adapt to lower demand
- › Accelerated company transformation – New operational structure live since July 1st

CURRENT INDUSTRY TRENDS



Macro development

Global Real GDP Growth % YoY change

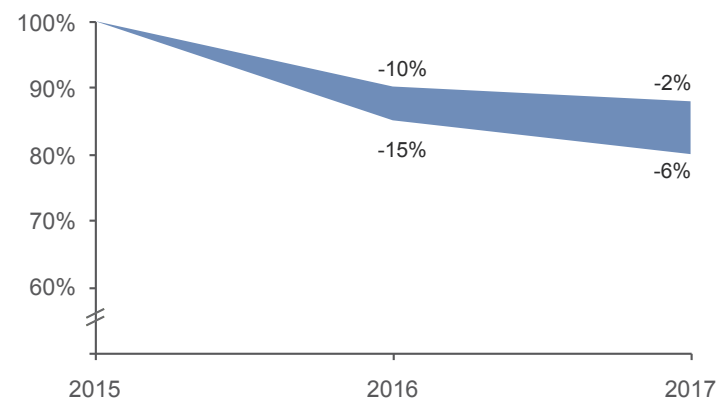


Source: EIU

- › Overall a weaker macro development than expected, especially impacting emerging markets

Mobile infrastructure

RAN equipment market, % YoY change



Source: Ericsson

- › Weaker demand for mobile broadband in 2016, current trends expected to continue short-term



MAGNUS MANDERSSON
Executive Vice President

ON CUSTOMERS' AGENDA

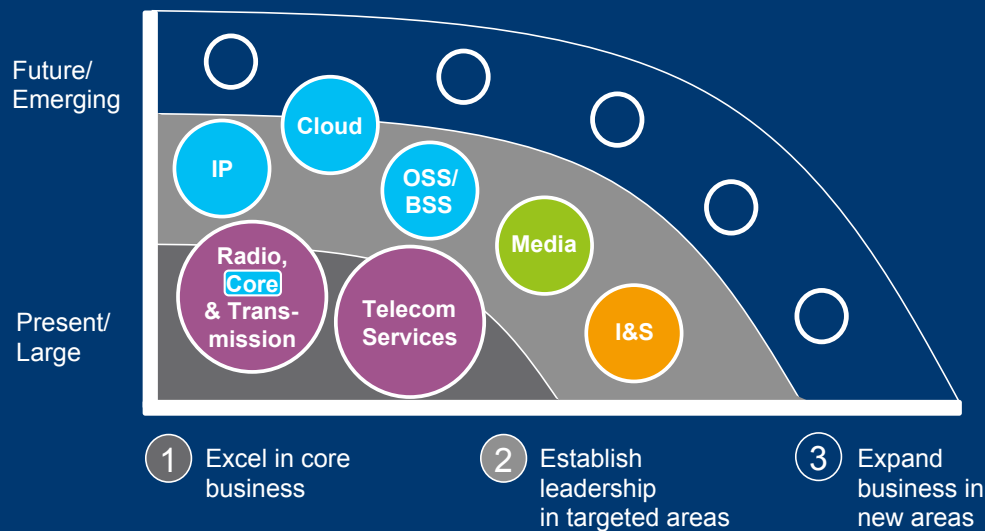


- › Higher speeds and decreased latency on 4G
- › New spectrum releases
- › Increased focus on 5G and IoT
- › Digital transformation, e.g. OSS and BSS
- › Transformation in telecom core
- › Cross-industry synergies, e.g. media

EVOLUTION OF STRATEGY AND STRUCTURE FOR FASTER EXECUTION



Core & Targeted areas



Segments

Networks

IT & Cloud

Media

Customer Group

Industry & Society

STRATEGIC BUSINESS DIRECTION



Excel in
Networks

Extend in
Media

Establish and extend in
IT & Cloud

Expand in
Industry & Society

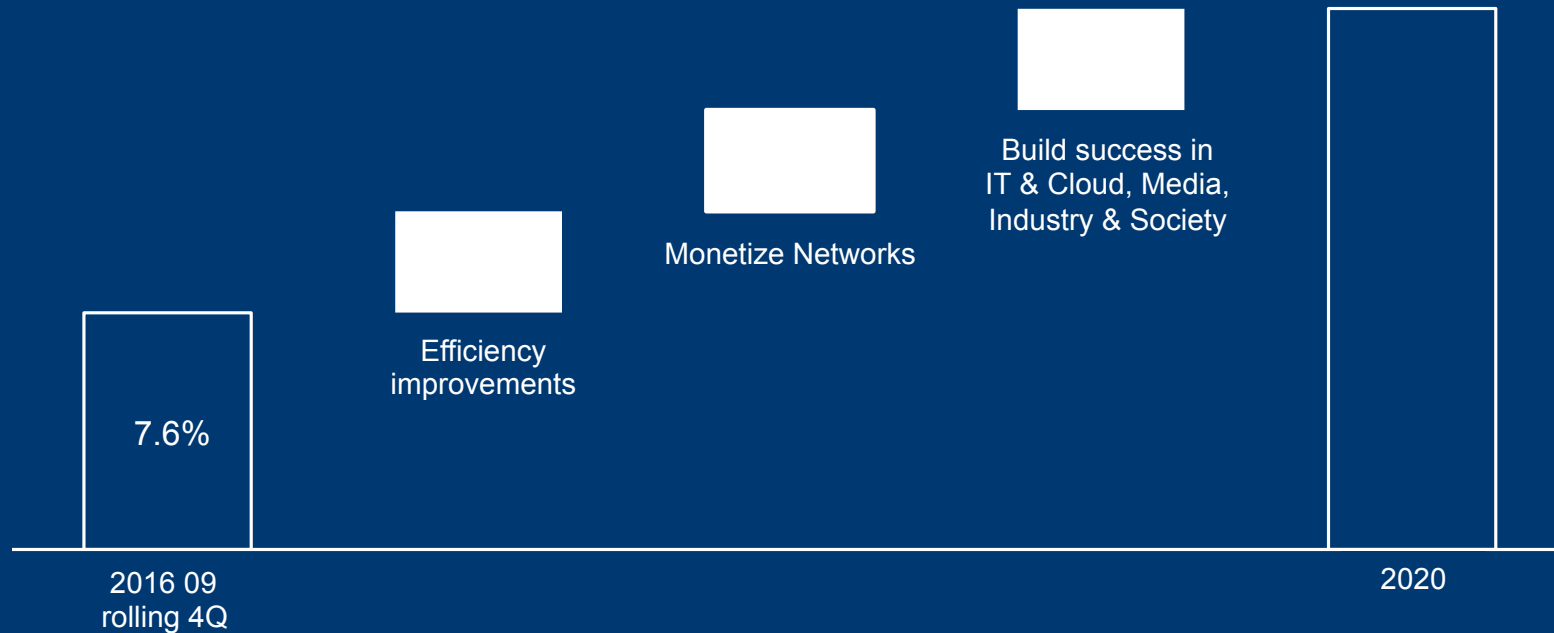
A leading ICT transformation partner for our customers

THREE FOCUS AREAS TO DRIVE INCREMENTAL IMPROVEMENTS



ILLUSTRATIVE

Operating margin (incl. restructuring)



This slide contains forward-looking statements. Actual result may be materially different.