



ERICSSON

# INDUSTRY TRENDS

## INVESTOR UPDATE 2016

NOVEMBER 10, 2016 NEW YORK



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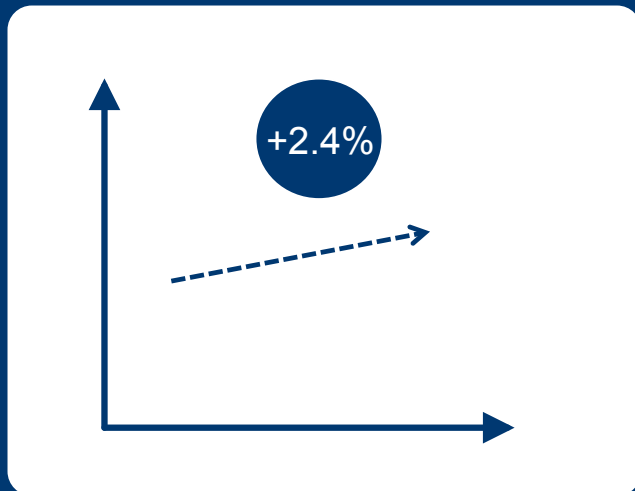
ULF EWALDSSON  
CTO & Head of Strategy



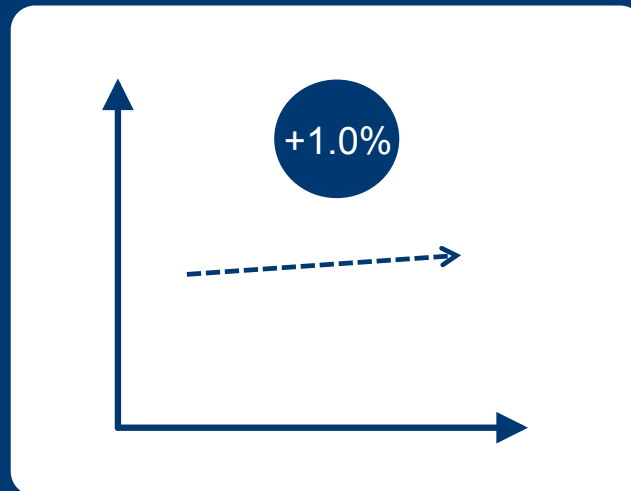
# OPERATOR REALITY 2015-2018



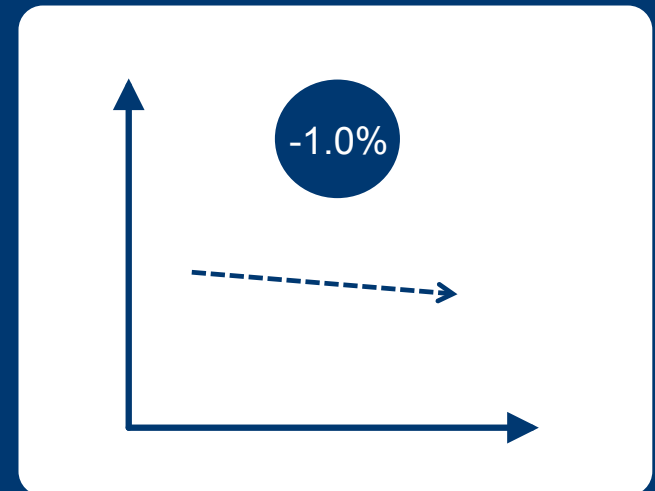
REVENUE



EBITDA



CAPEX

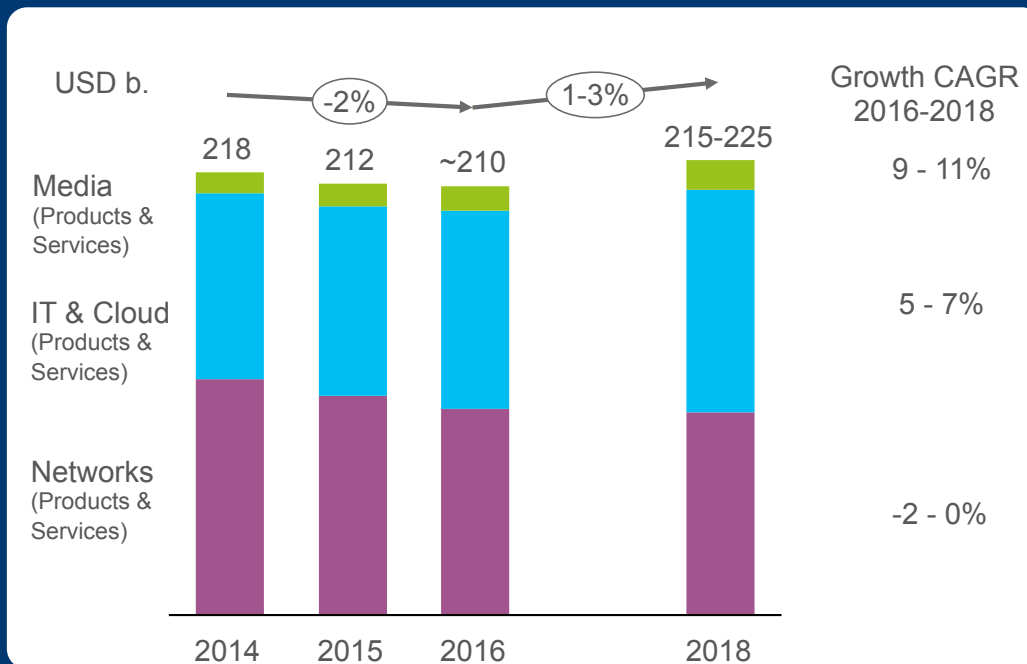


*Figures represent approximate CAGR 2015-2018*

*Sources: Ericsson Analysis, Thomson Reuters  
› Financial Analyst Consensus  
› Base: Top-20 telcos ~2/3 or worlds revenues, Organic growth only*

Pressure to improve efficiency and optimize spending

# MARKET OUTLOOK



**Media**  
Investments pick up as operators consolidate and choose technology

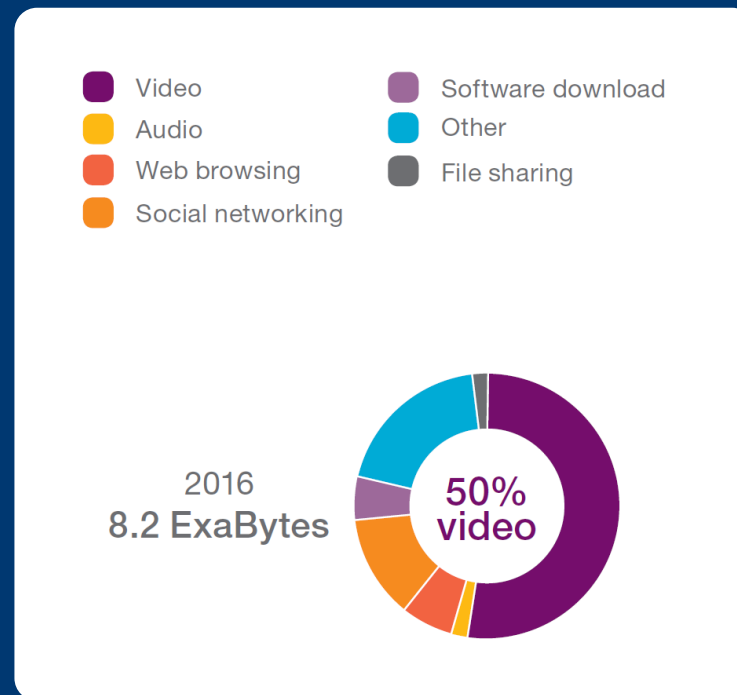
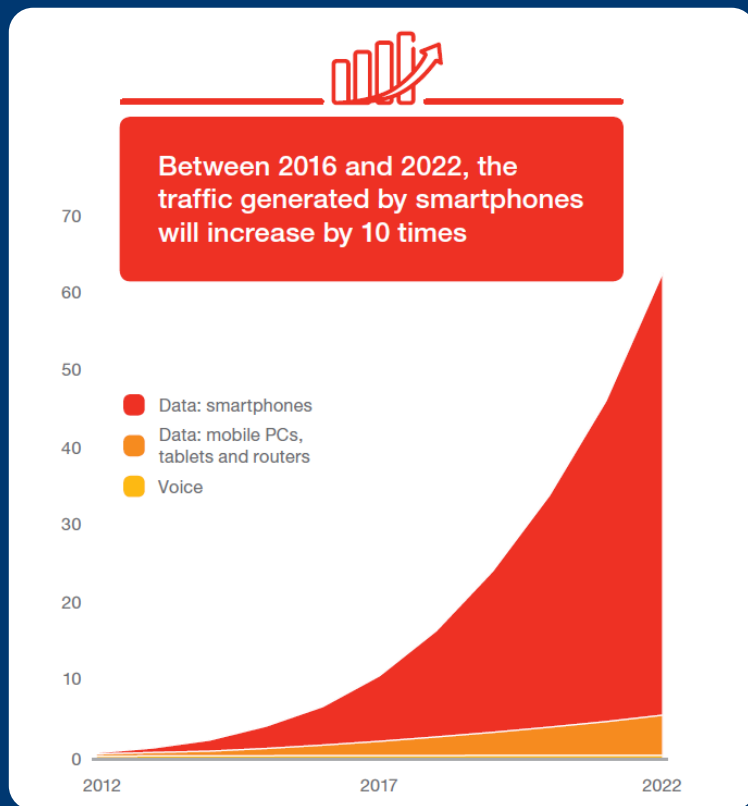
**IT & Cloud**  
Major transformations ahead presenting opportunities and challenges

**Networks**  
Lowered investments in major markets, still ~60% global population to be covered by LTE

Forecast generally adjusted down from last year  
Decline in Networks product market partly compensated by small growth in Networks services market

*Note: Excluding Industry & Society markets and IPR  
This slide contains forward-looking statements. Actual result may be materially different.*

# SMARTPHONE DEVELOPMENT



Source: Ericsson Mobility Report, November 2016

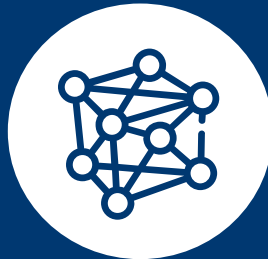
*This slide contains forward-looking statements. Actual result may be materially different.*

8X mobile traffic (2017-2022) with ~75% video in 2022 driven by smartphones

# OUR READING ON NETWORKS AND OPERATORS



TECHNOLOGY



OPERATOR BUSINESS

Applications decoupled from network

Cloud deployed applications

Increased automation with software

Multi purpose transport and access

Network essentials - trust, security and availability

Operators will focus on network as an open platform

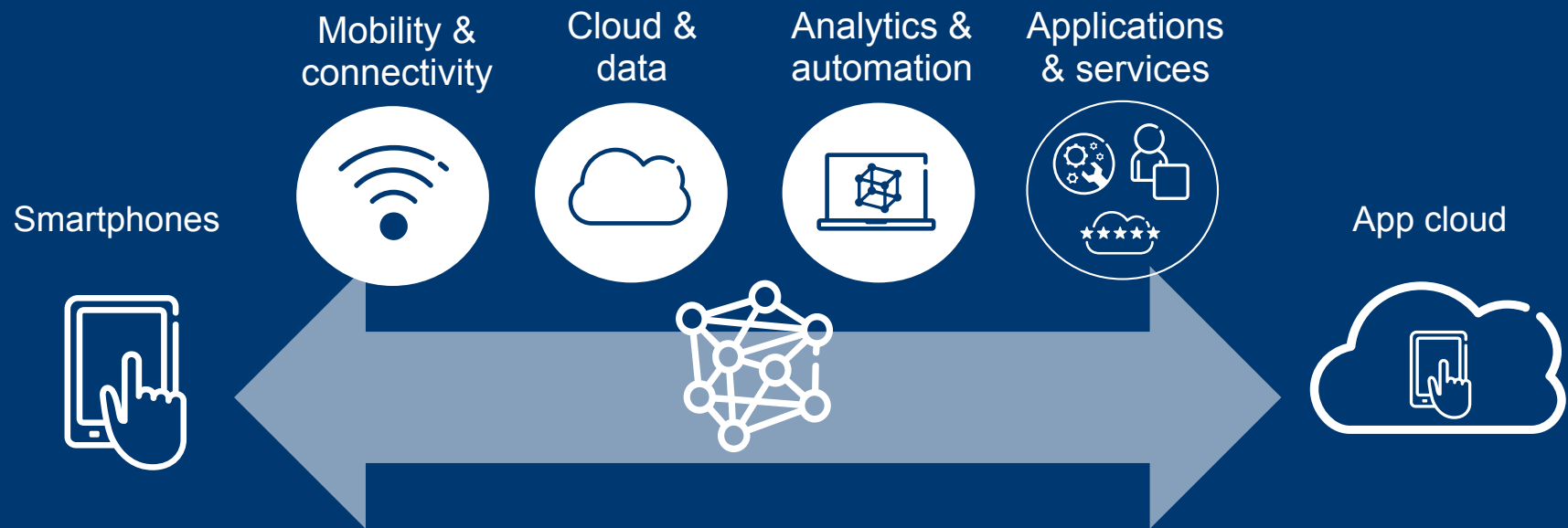
Experimentation with services above the network

Operators see digital transformation as new enterprise opportunity

Operators capitalizing on their local presence and looking to partner for global presence

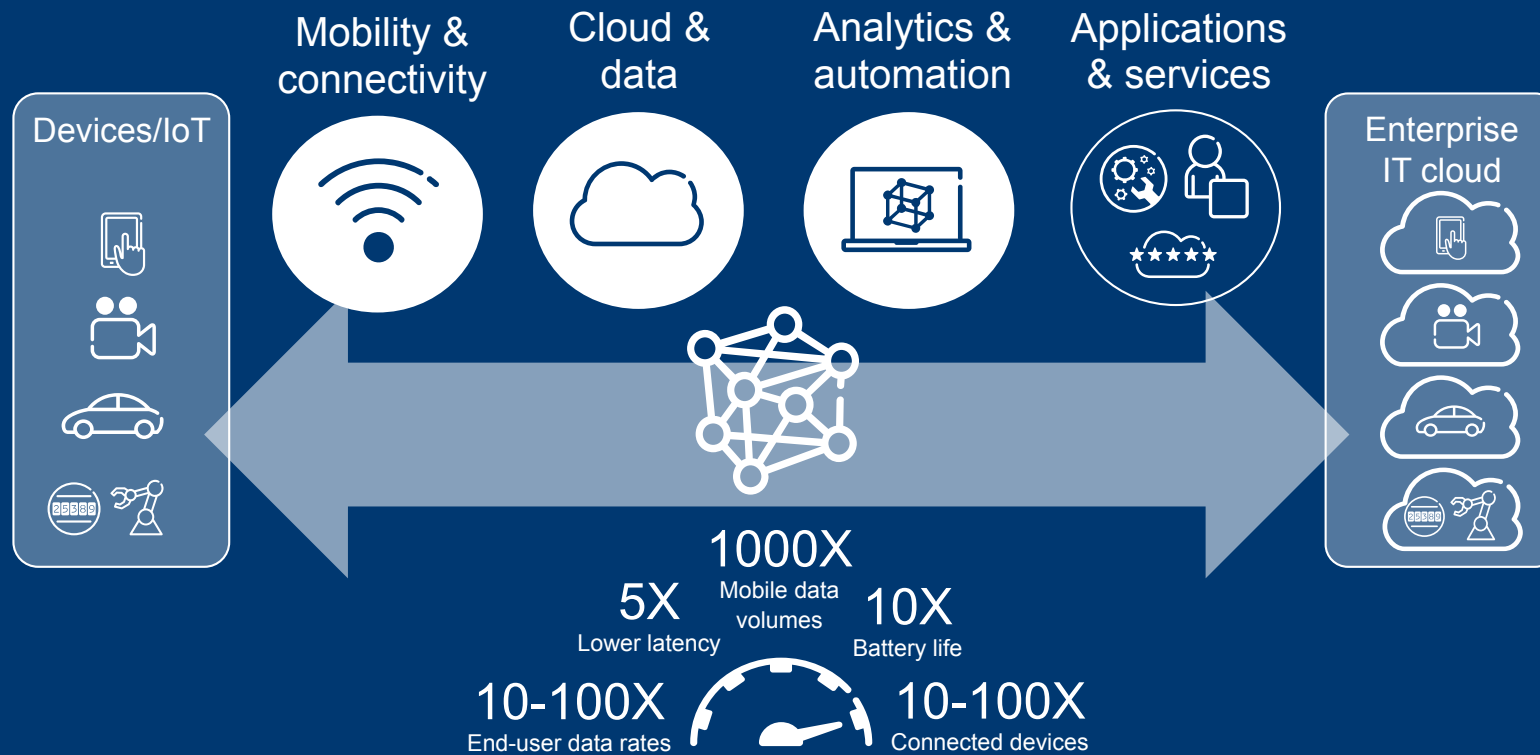
Technology developments influencing operator business transformation

# NETWORK EFFICIENCY AND PERFORMANCE



Increased efficiency (lower cost per bit) and higher capability for mobile broadband

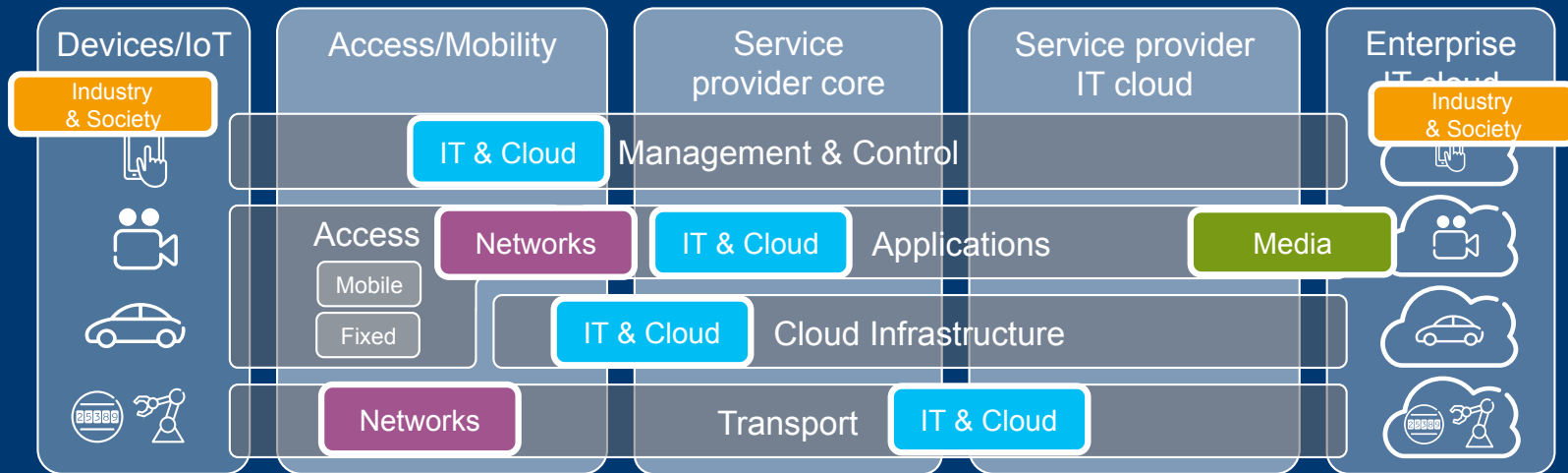
# INCREASED NETWORK RELEVANCE FOR OTHER INDUSTRIES



A horizontal, programmable network platform to connect all clouds to all devices



# THE GLOBAL ARCHITECTURE



Energy performance



End to end security

An end to end system offering coupled with comprehensive services capabilities



Broadband and media everywhere



Sensors everywhere



Smart vehicles, transport



Infrastructure, monitor and control



Critical control of remote devices

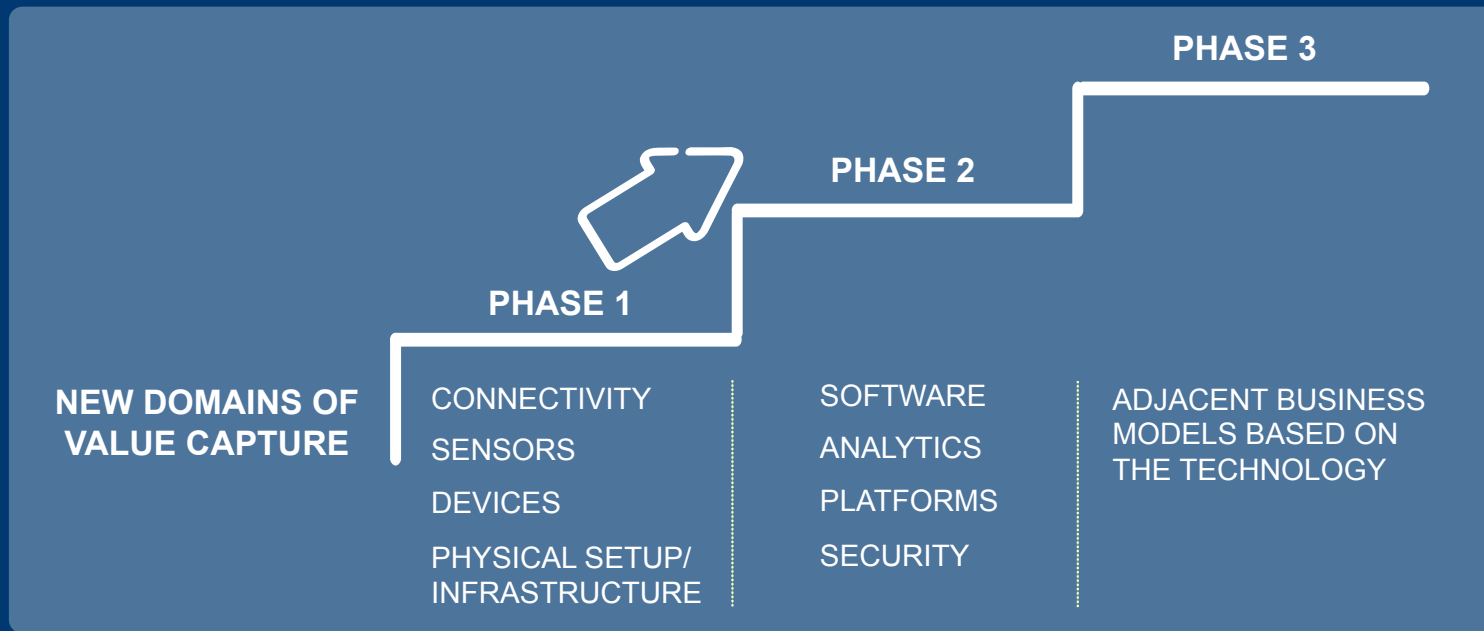


Interaction human - IoT

# 5G USE CASES

Broadband and media leading, more use cases leveraging enhanced capabilities

# THE EVOLUTION OF 5G



# BUILDING THE 5G ECOSYSTEM



Ericsson leading 5G development and commercialization