ESTABLISH LEADERSHIP IN TARGETED AREAS

Head of Strategy Rima Qureshi

IN 2020…

8 BILLION people on the planet

90% of the world will be covered by MBB

Mobile traffic will grow 10X

MEDIA value chain will evolve

Collaboration will be KEY

1 BILLION fixed broadband subscriptions

8 BILLION mobile broadband subscriptions

50 BILLION connected devices

15 BILLION connected video devices

High Performance Networks ESSENTIAL

MOBILITY

BROADBAND

CLOUD

OUR STRATEGIC FOUNDATION

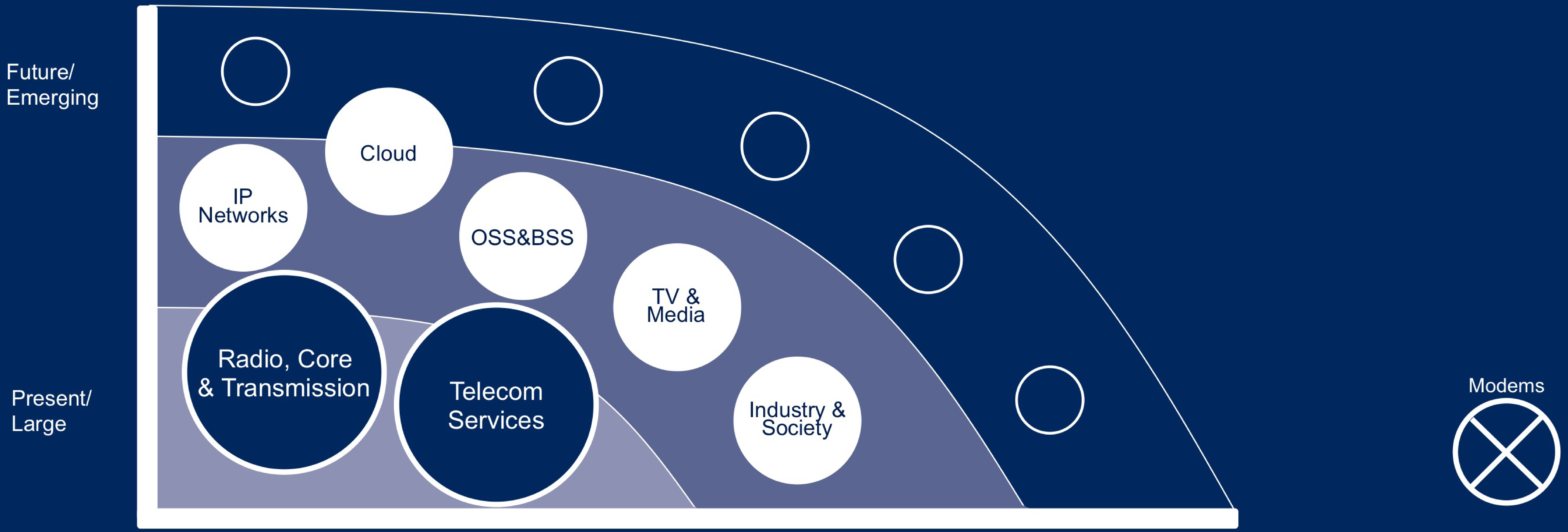
VISION
A Networked Society where every person and every industry is empowered to reach their full potential

MISSION
We lead transformation through mobility

VALUES
Trust, Innovation & Performance
Professionalism, Respect & Perseverance

ASSETS
Technology & Services leadership
Global scale & skills

STRATEGIC DIRECTION 2014



1 Excel in core business

2 Establish leadership in targeted areas

3 Expand business in new areas

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

DIFFERENT CHARACTERISTICS

	1 Excel in core business	2 Establish leadership in targeted areas	3 Expand business in new areas
Market position:	Market leader	Typically challenger	New entrant
Objective:	Improve earnings in core, lead and innovate	Drive growth, win leadership position	Selectively invest, explore and expand business
Key success factors:	Performance, efficiency from scale, high barriers to entry	Focus, leverage core business, scale up for critical mass	Demonstrate proof of concept, replicate, build footprint

INVESTMENTS ACROSS CORE, TARGETED AND NEW AREAS

	1 Excel in core business	2 Establish leadership in targeted areas	3 Expand business in new areas
R&D	Majority of investments to continue to lead and innovate in core	Increasing investments for growth, win leadership position	Selectively expand in long-term opportunities
Mergers and Acquisitions	Consolidate and create synergies to drive industry and technology leadership	Strengthen offering and boost market footprint	Develop new platforms and capabilities for growth
Partnering and Venture Investments	Maintain leadership by pursuing cutting edge technology advances	Strengthen position and gain scale by expanding scope of offering	Explore nascent technology, skills and business models

M&A AND PARTNERING STRATEGY

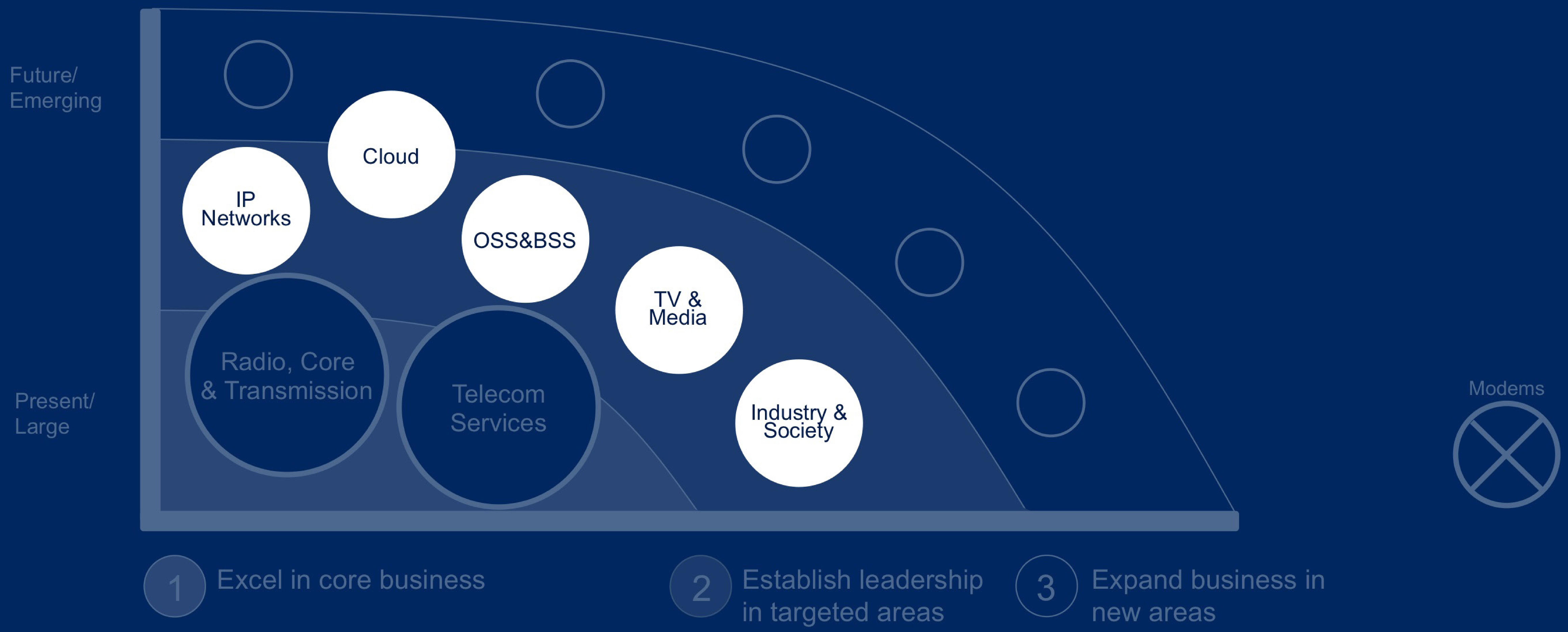
Invest to strengthen competitive assets

- Fill portfolio gaps (BU bolt on)
- Increase scale & skills

Invest to accelerate profitable growth

- Consolidate market position
- Grow new & targeted areas

STRATEGIC DIRECTION 2014
TARGETED AREAS



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CRITERIA FOR TARGETED AREAS

I. Growth potential

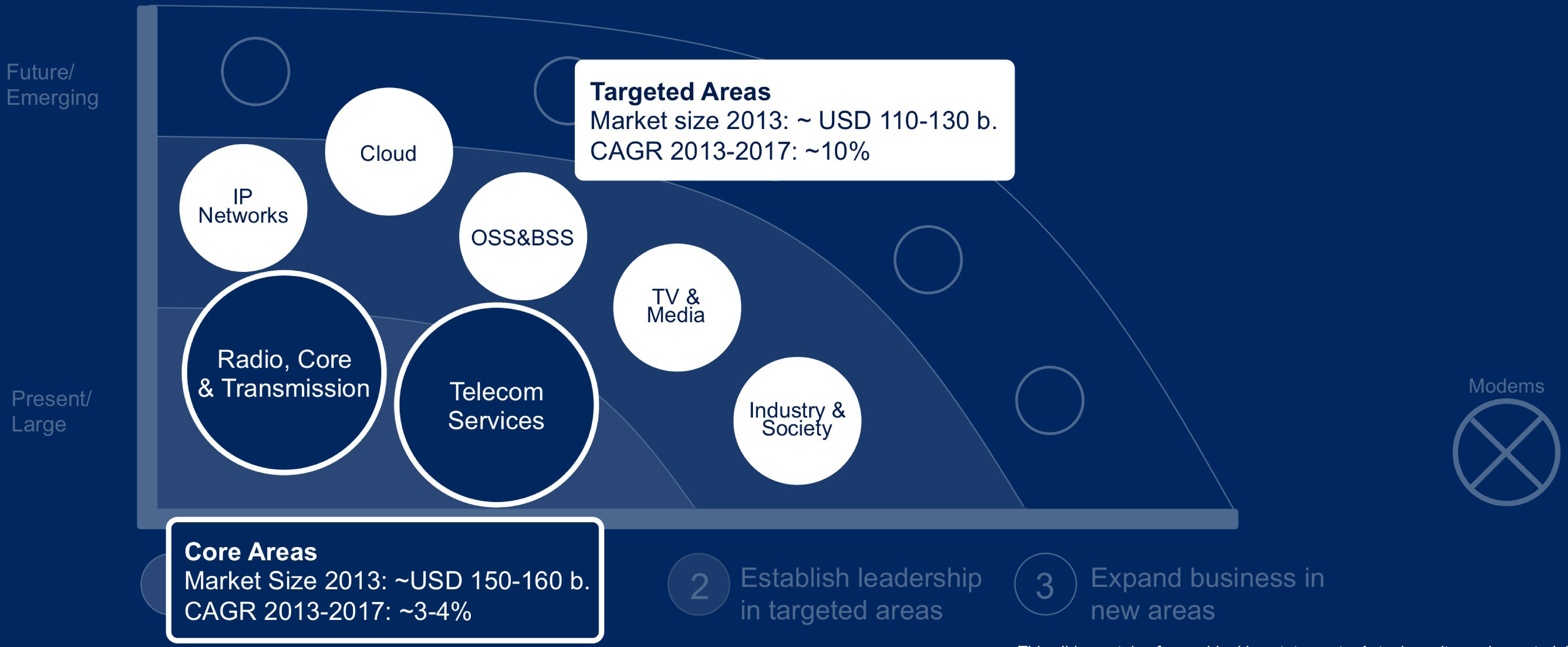
II. High degree of software and professional services

III. High degree of recurrent revenues

IV. Adjacency - fully leveraging Ericsson core business areas

Ambition of targeted areas is to significantly improve Ericsson's earnings towards 2020

MARKET SIZE AND GROWTH CORE AND TARGETED AREAS



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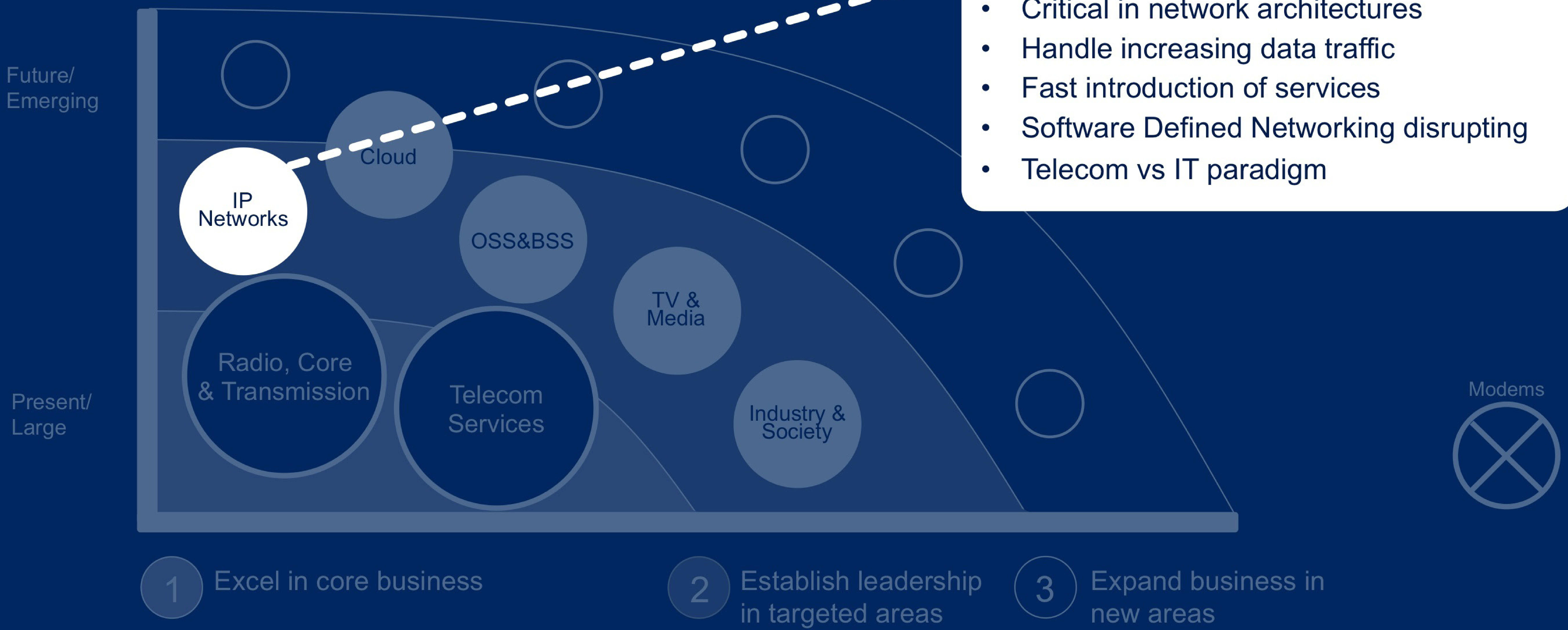
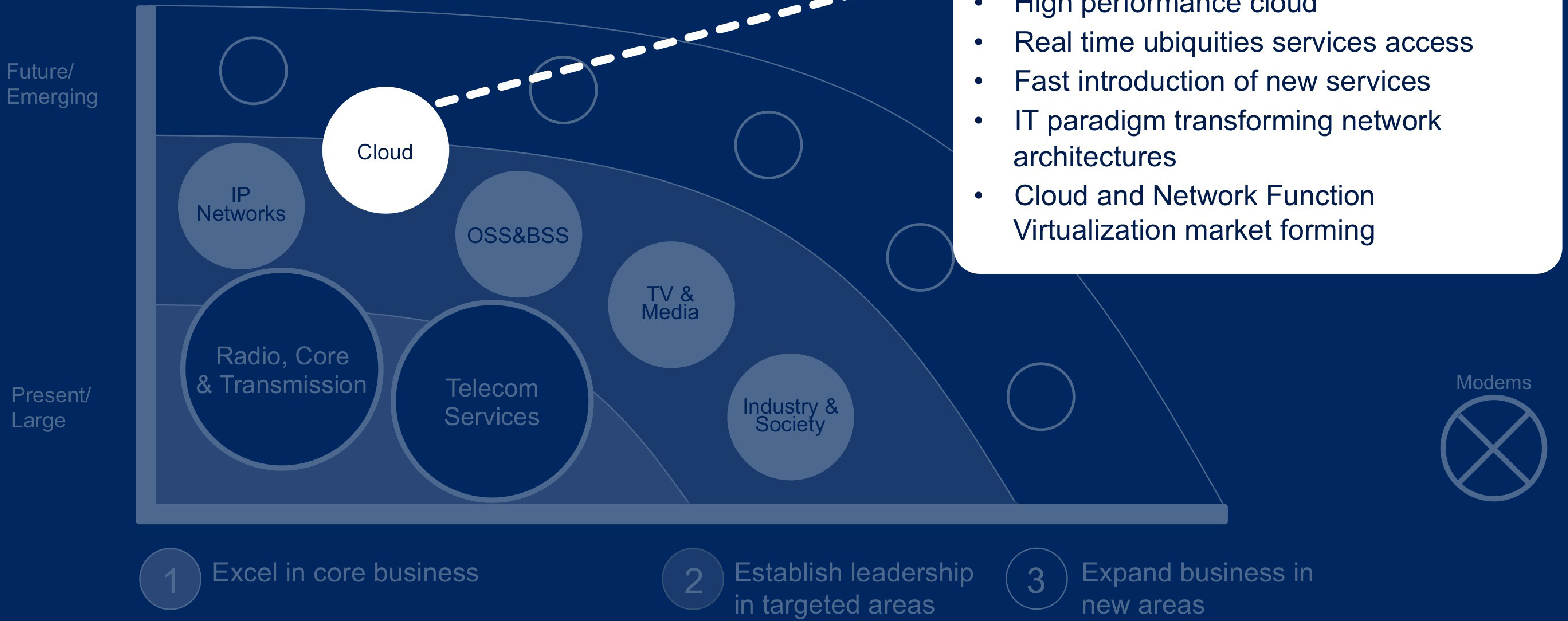
Targeted Areas include Industry&Society. Both Targeted and Core Areas have a slightly wider definition than our traditional Market Outlook

STRATEGIC DIRECTION 2014
TARGETED AREAS



IP Networks
- Critical in network architectures
- Handle increasing data traffic
- Fast introduction of services
- Software Defined Networking disrupting
- Telecom vs IT paradigm

STRATEGIC DIRECTION 2014 TARGETED AREAS

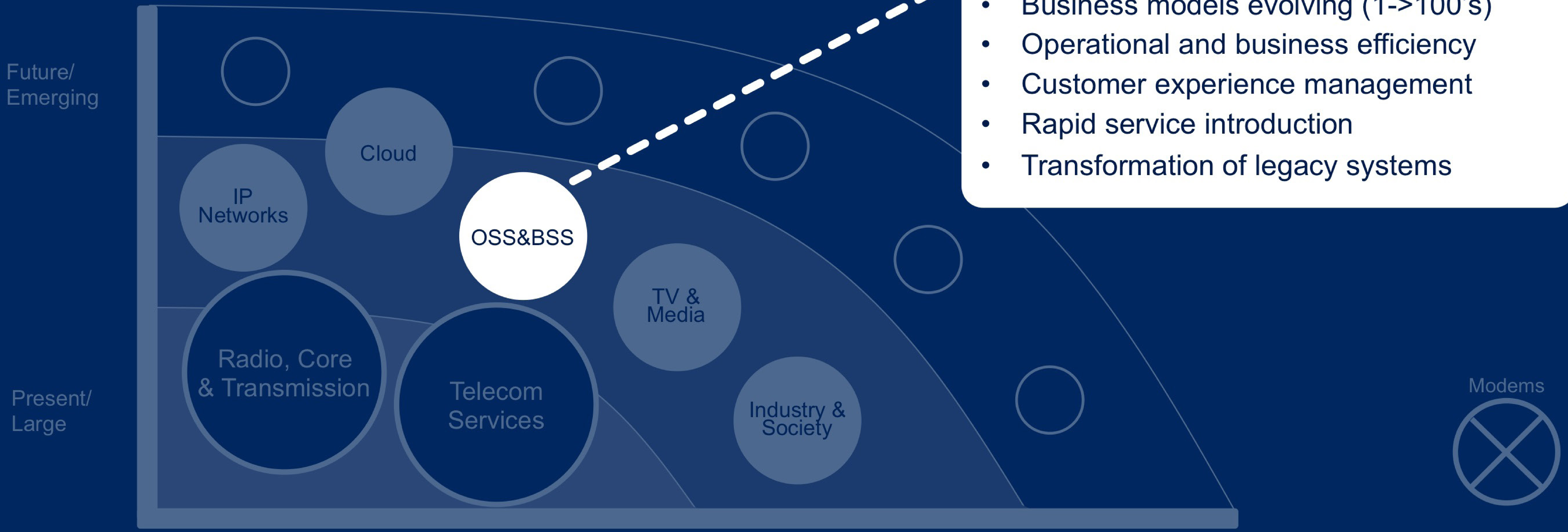


Cloud

- High performance cloud
- Real time ubiquities services access
- Fast introduction of new services
- IT paradigm transforming network architectures
- Cloud and Network Function Virtualization market forming

STRATEGIC DIRECTION 2014
TARGETED AREAS

OSS BSS
- Business models evolving (1->100’s)
- Operational and business efficiency
- Customer experience management
- Rapid service introduction
- Transformation of legacy systems



1 Excel in core business

2 Establish leadership in targeted areas

3 Expand business in new areas

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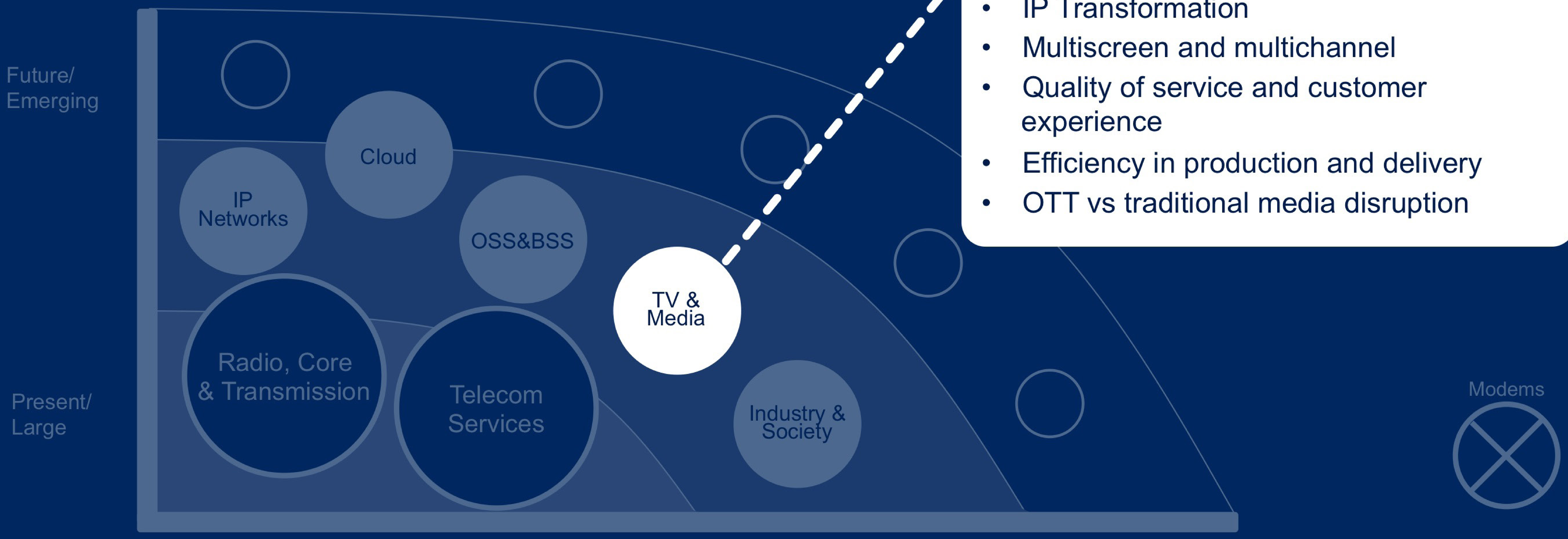
STRATEGIC DIRECTION 2014
TARGETED AREAS

TV Media
- IP Transformation
- Multiscreen and multichannel
- Quality of service and customer experience
- Efficiency in production and delivery
- OTT vs traditional media disruption



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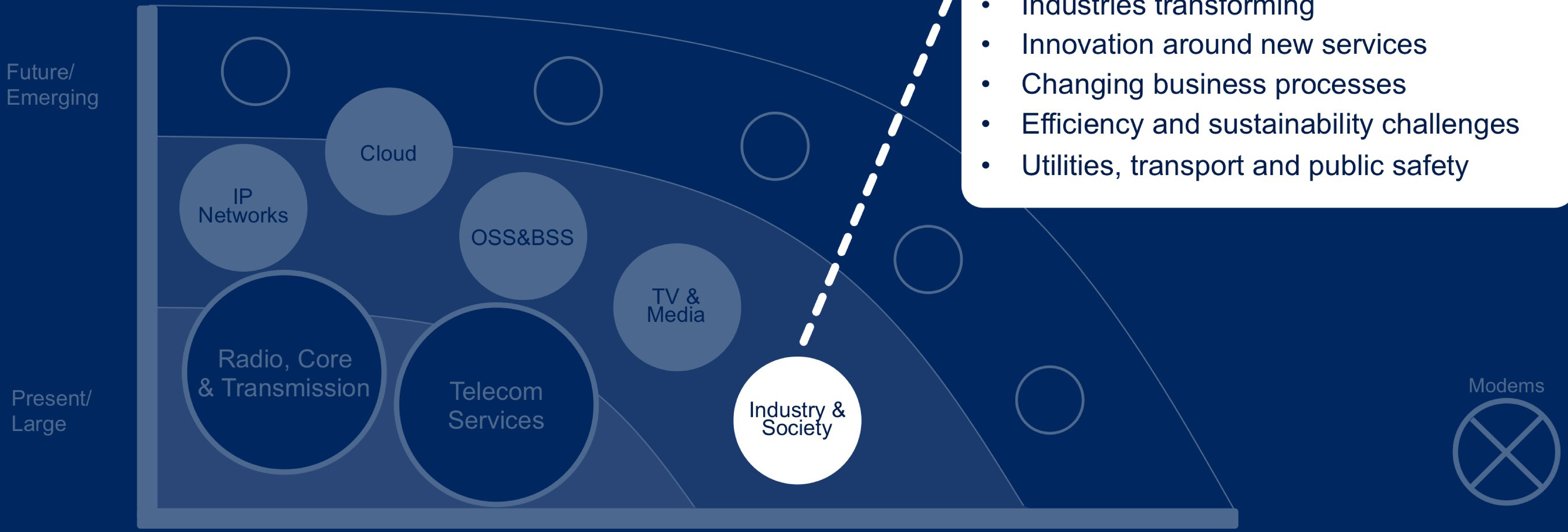
STRATEGIC DIRECTION 2014
TARGETED AREAS



Industry & Society
- Industries transforming
- Innovation around new services
- Changing business processes
- Efficiency and sustainability challenges
- Utilities, transport and public safety

1 Excel in core business

2 Establish leadership in targeted areas

3 Expand business in new areas

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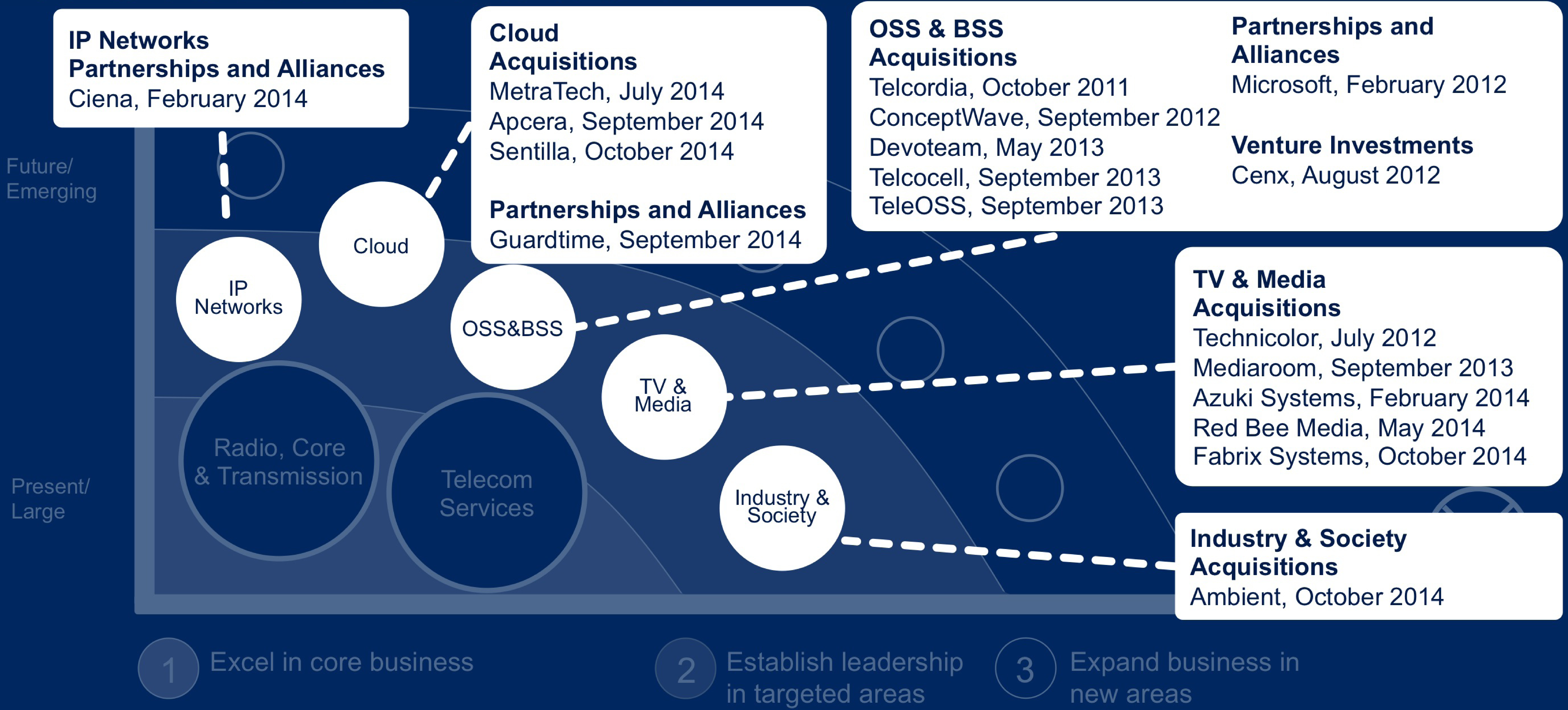
TRANSFORMING ERICSSON TARGETED AREAS



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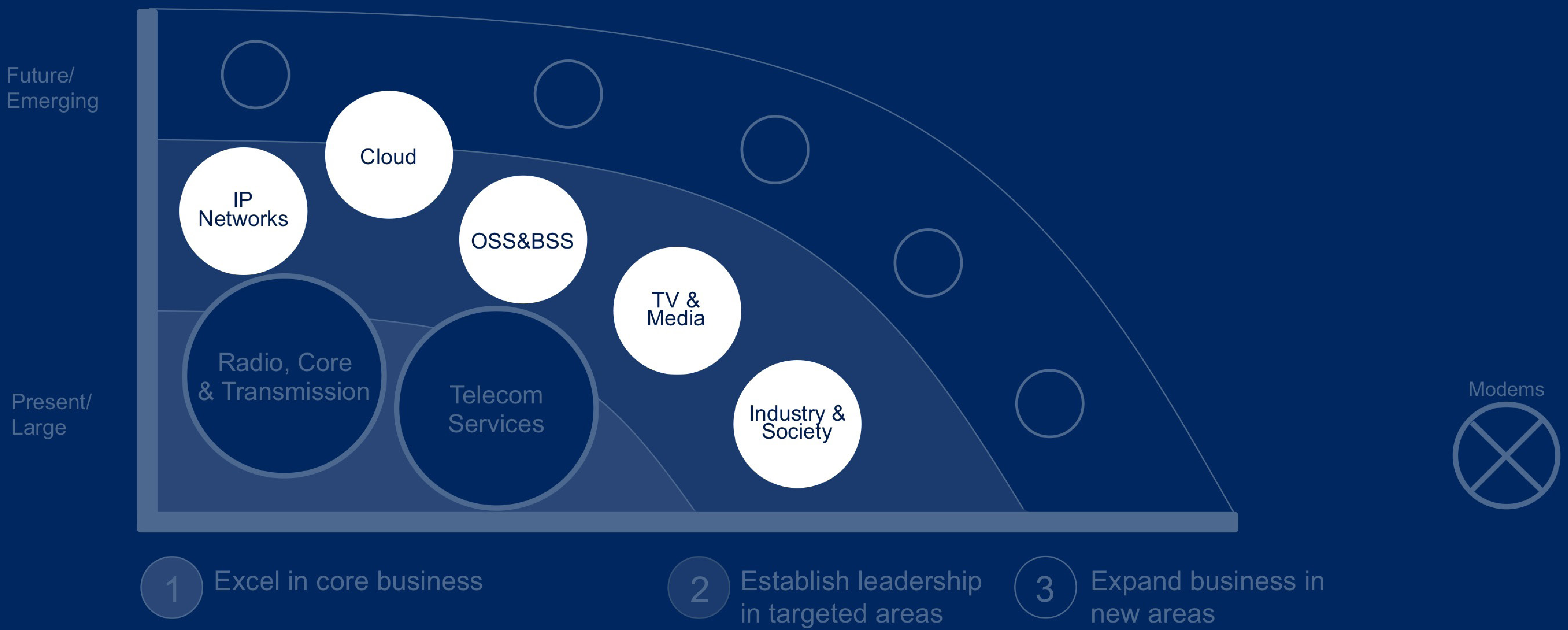
STRATEGIC DIRECTION 2014
TARGETED AREAS



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ERICSSON

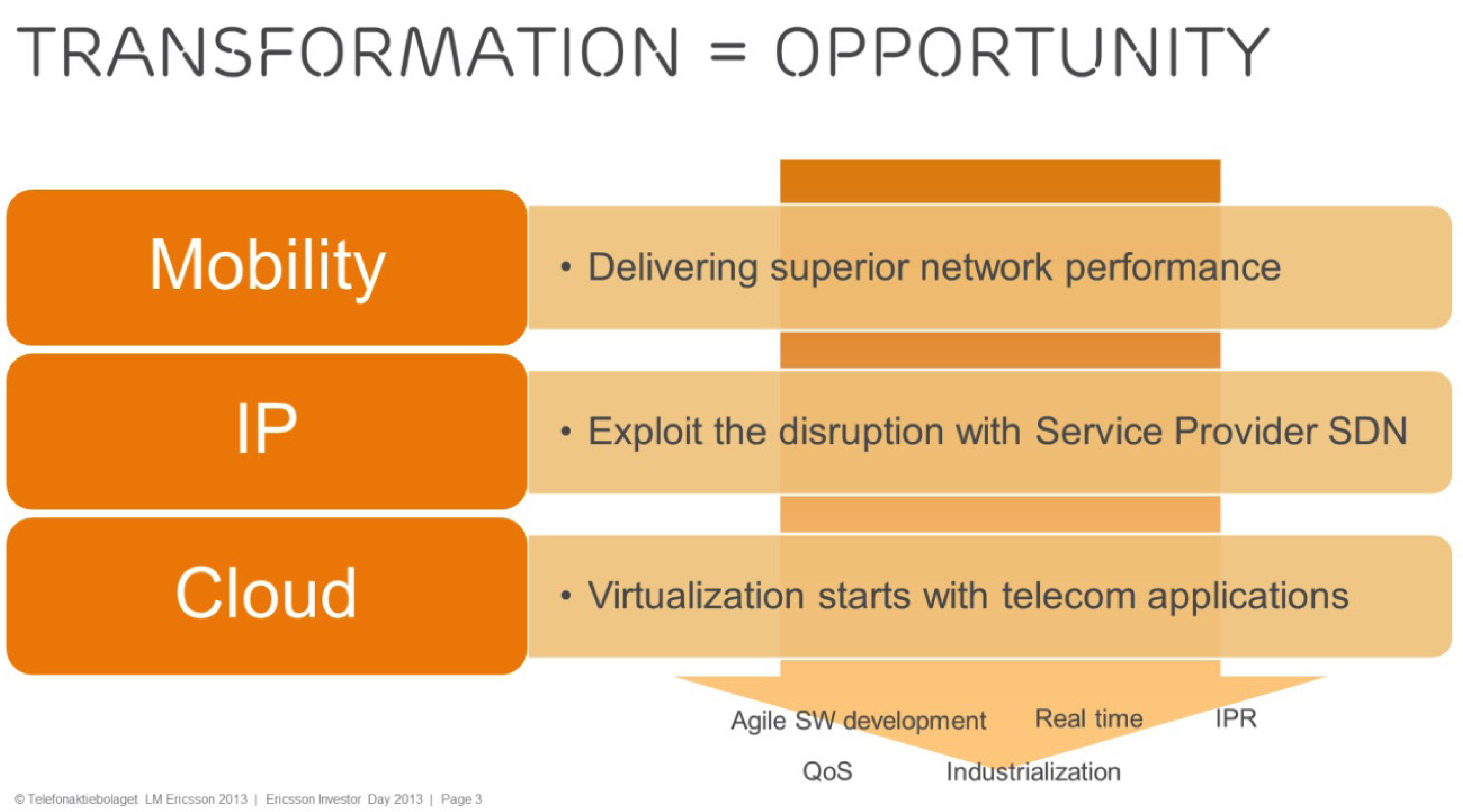
IP & CLOUD

Head of Networks Johan Wibergh

LEADING TRANSFORMATION THROUGH MOBILITY

2013 Investor Day

2014 Press release



PRESS RELEASE
APRIL 24, 2014

ERICSSON

NEW BUSINESS UNIT STRUCTURE TO SUPPORT NETWORKS GROWTH

- Business unit Networks will be divided, creating two new units to support growth strategy
- New business unit Radio will build on industry's most competitive radio portfolio to leverage leading position
- New business unit Cloud & IP to capture opportunities with virtualization for the IP and core portfolio based on number one position in telecom core networks
- Johan Wibergh, Executive Vice President, will assume new role as Head of Segment Networks and remain a member of Ericsson's Executive Leadership Team

Ericsson (NASDAQ:ERIC) today announced the establishment of two new business units in a move to accelerate transformation and support growth. The company will split current business unit Networks into two new units, business unit Radio and business unit Cloud & IP.

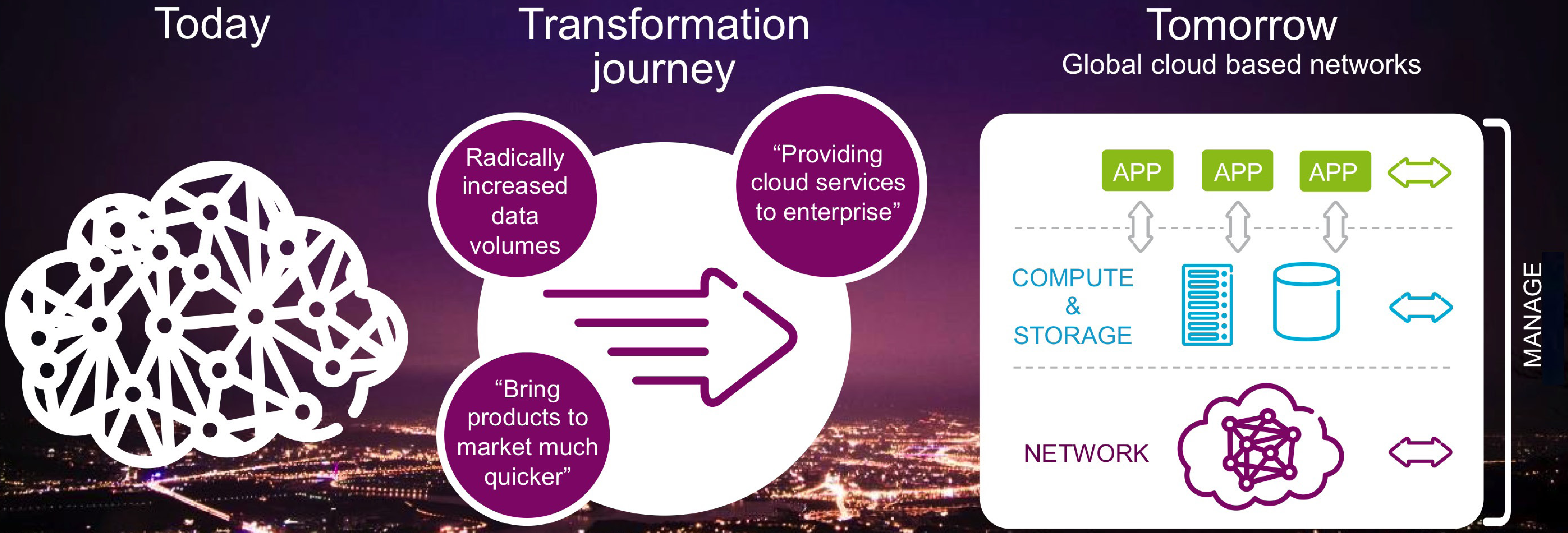
The change in organization will enable more focus on the needs of each business while maintaining an end-to-end view on the full networks operations.

AGENDA

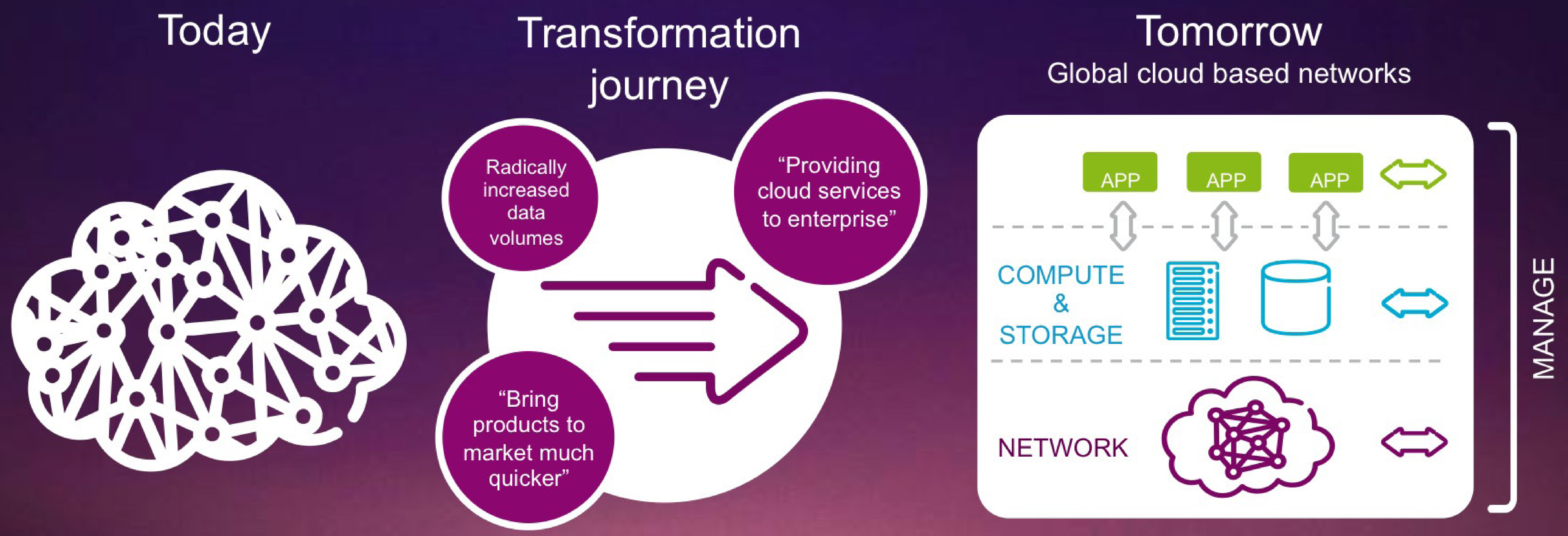
CLOUD

IP

SHAPING THE INDUSTRY TRANSFORMATION



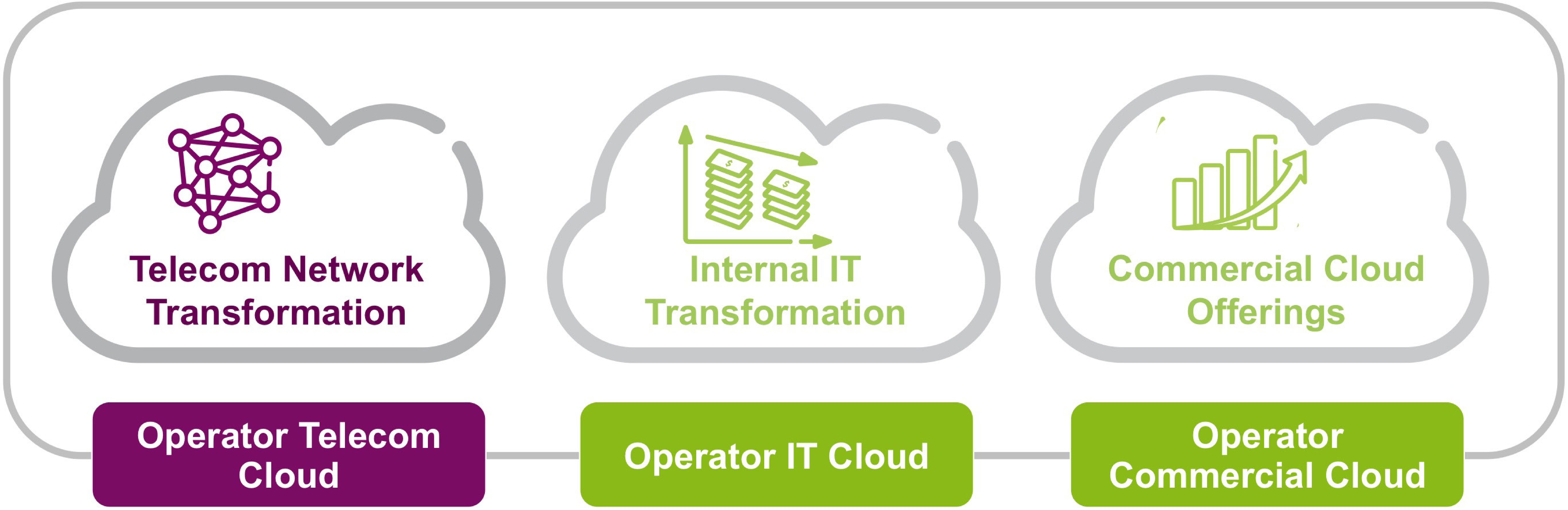
SHAPING THE INDUSTRY TRANSFORMATION



Ericsson strengths

- Understanding of complexity and architecture
- Capabilities, competences
- Processes, methods and tools

OPERATORS' THREE TRANSFORMATION JOURNEYS

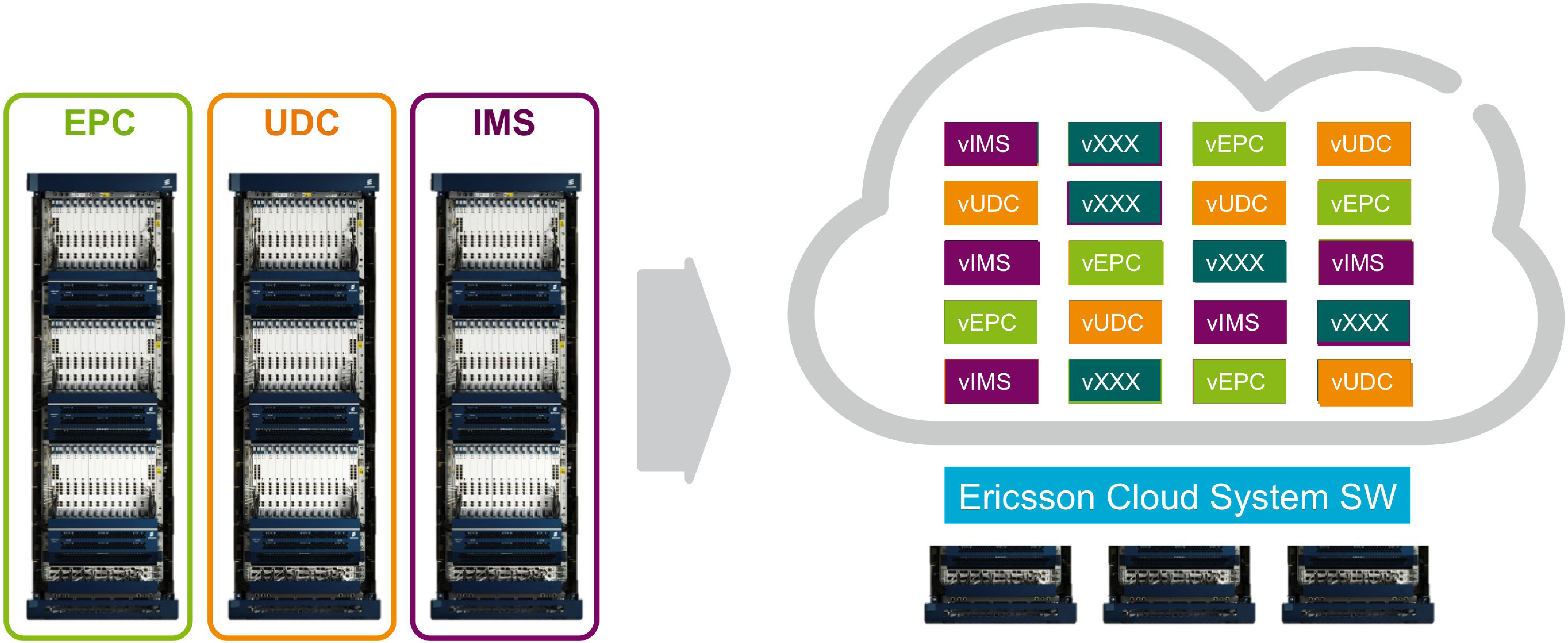


Virtualized network functions e.g vEPC, vIMS

Virtualized IT functions for internal use e.g CRM, OSS/BSS

Cloud offerings sold as a service (XaaS) e.g. Public cloud for enterprises

WHAT IS VIRTUALIZATION?



Ericsson Cloud System

ERICSSON CLOUD OFFERING

Operator
Telecom Cloud

Operator
IT Cloud

Operator
Commercial Cloud

Management & Control

Cloud Transformation Partner

Path to NFV*

OSS/BSS Modernization

New Cloud Revenues

Full Stack of Virtualized Network Functions

Media & OSS/BSS Differentiation

Commercial XaaS Offerings

Cloud Infrastructure Governance & Security

Cloud Infrastructure Automation

End to End Infrastructure
[Storage + Compute + Network]

Data Center

Services

* Network Functions Virtualization

BUILDING CLOUD CAPABILITIES

Capability & Investments

Cloud Developers

Principal Solution Architects

Investment in 3 ICT Centers

Experts in Research, Standards & Technology Strategies

Acquisitions, Investments & Partners

Telcordia
Mediaroom
Apcera
Conceptwave
Fabrix
Mirantis
Guardtime
Sentilla
A10 Networks
Metratech
Intel
Ciena

Industry Ecosystem

OPNFV
OPEN DAYLIGHT
IETF
ETSI
openstack
DMTF
3GPP A GLOBAL INITIATIVE
ONF OPEN NETWORKING FOUNDATION
CLOUD FOUNDRY

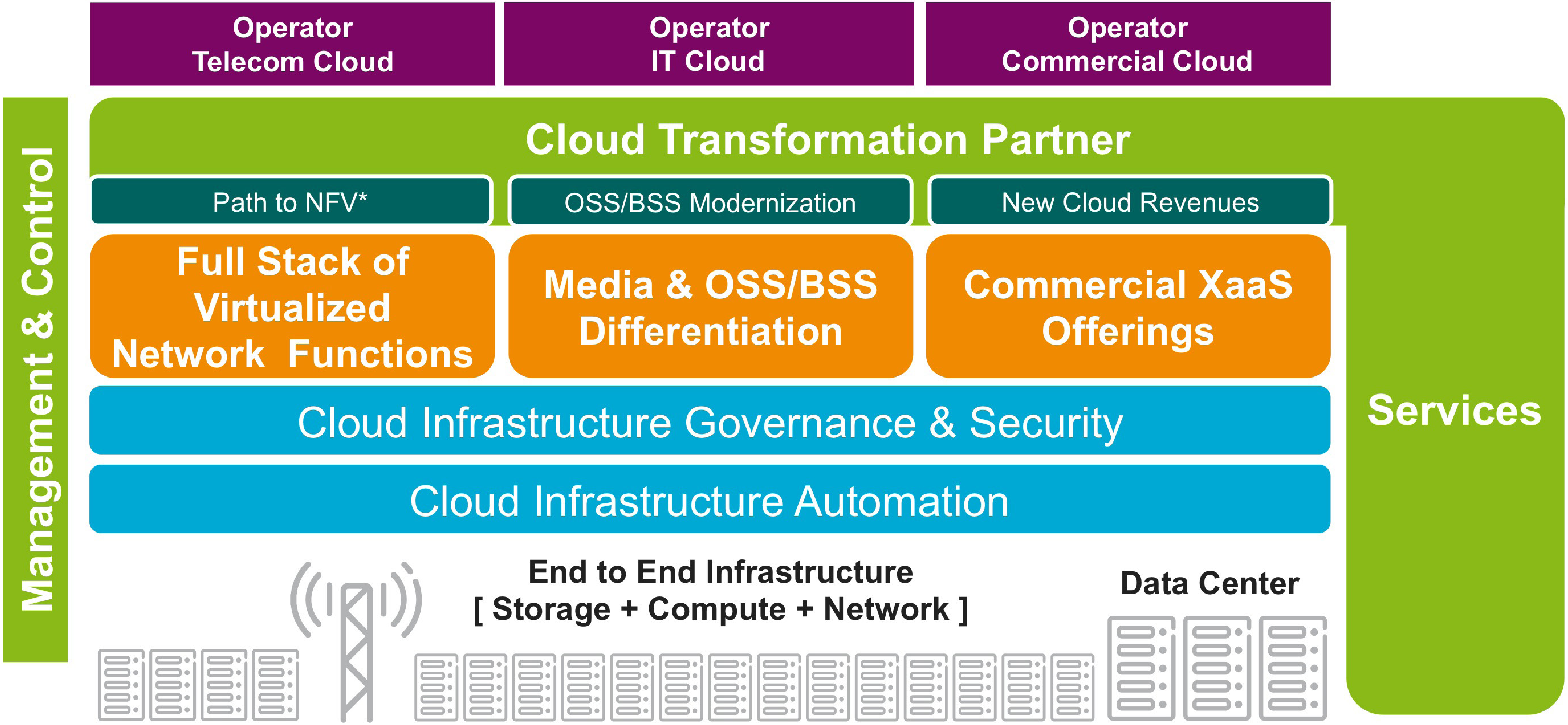
Innovation Competence & Capabilities

1 billion
Subscribers managed by us

#1
Mobile infrastructure
OSS and BSS
Services
TV & Media Delivery

35,000+
Granted patents

CLOUD ACHIEVEMENTS



* Network Functions Virtualization

ACHIEVEMENTS

- ☑ Ericsson selected for AT&T future network strategy “User Defined Network Cloud”
  Vodafone Australia selected Ericsson for network evolution
  Ericsson successfully demonstrated multi-vendor proof of concept of NFV with NTT DoCoMo

- ☑ Ericsson Cloud System launches: Cloud Manager and Execution Environment.
  Launch of virtual Evolved Packet Core and virtual Multi-Service Proxy

- ☑ Open Platform NFV (OPNFV) Certification Program

- ☑ Cloud acquisitions and partnerships (e.g. Apcera, Guardtime, MetraTech)

STRATEGY GOING FORWARD

- Enable world leading cloud platform
- Virtualize the core network applications
- Leverage our services leadership

Wanted position 2020

#1 Operator Telecom Cloud (NFV)
#1 Cloud Transformation Partner

Top 3 in Operator IT & Operator Commercial Cloud

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

SUMMARY

Definition

Platform initially for network functions virtualization (operator telecom cloud)

Market outlook

Early market for network functions virtualization.
Driven by need for speed, efficiency and innovation

Competition

Telecom vendors,
IT vendors,
Niche vendors

Present position

Building on our #1 position in Telecom core

Wanted position

#1 Operator Telecom Cloud (NFV)
#1 Cloud Transformation Partner
Top 3 in Operator IT & Operator Commercial Cloud

Strategy

Enable world leading cloud platform
Virtualize the core network applications
Leverage our services leadership

Growing from #1 position in Telecom core

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

KEY TAKEAWAYS – CLOUD

Why - invest

› Todays netwoks need to be modernized and transformed to handle the increasing traffic volume and requirements in the Networked Society. These requirements drive need for speed, agility and efficiency.

What - offer

› Ericsson Cloud System (ECS) is an enabler to position Ericsson as the preferred Cloud Transformation Partner. We use ECS components, our virtualized network functions and know-how to support our customers when they develop their networks and businesses. What we do is bring the reliability, security and control of mobile networks to the cloud.

How - success

› We will reach our ambitions by leveraging on our leadership and installed base in core networks and in services, starting by virtualizing the core network functions. We have a unique position with our experiences from managing and transforming complexity, and already today deliver on superior performance SLAs in real time networks.

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

AGENDA

CLOUD

IP

ACHIEVEMENTS & CHALLENGES

Current realities

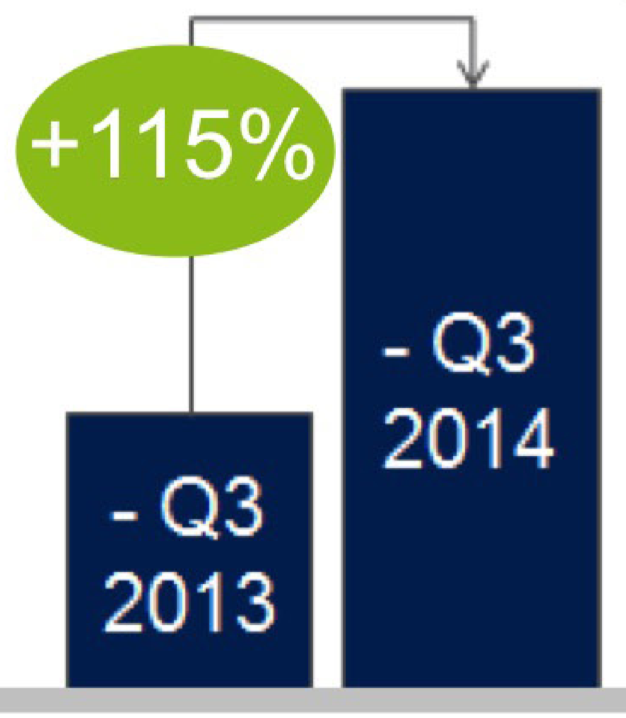
- Competitive R&D capability
- Expert sales force in place
- #1 in mobile packet core
- Good traction with IP portfolio and solutions
- Multiple Service Provider SDN engagements

Key remaining challenges

- Increase market share
- More tier one customers
- Convert Service Provider SDN trials to commercial deployments

PROGRESS & ACCOMPLISHMENTS

SSR 8000 LINE CARD SHIPMENT



43 FIXED IP CONTRACTS

134 COMMERCIAL WINS

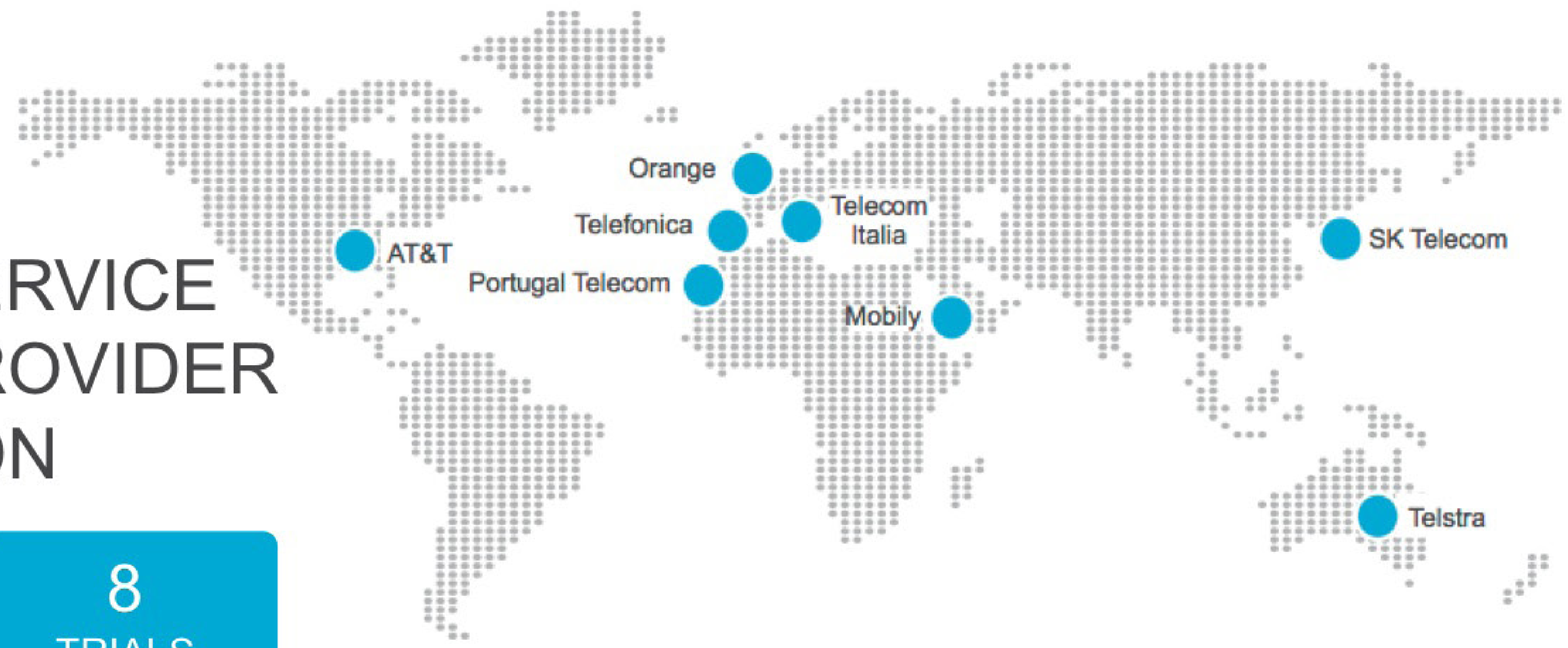
SSR 8000

VIRTUALIZED & SDN

END TO END SOLUTION

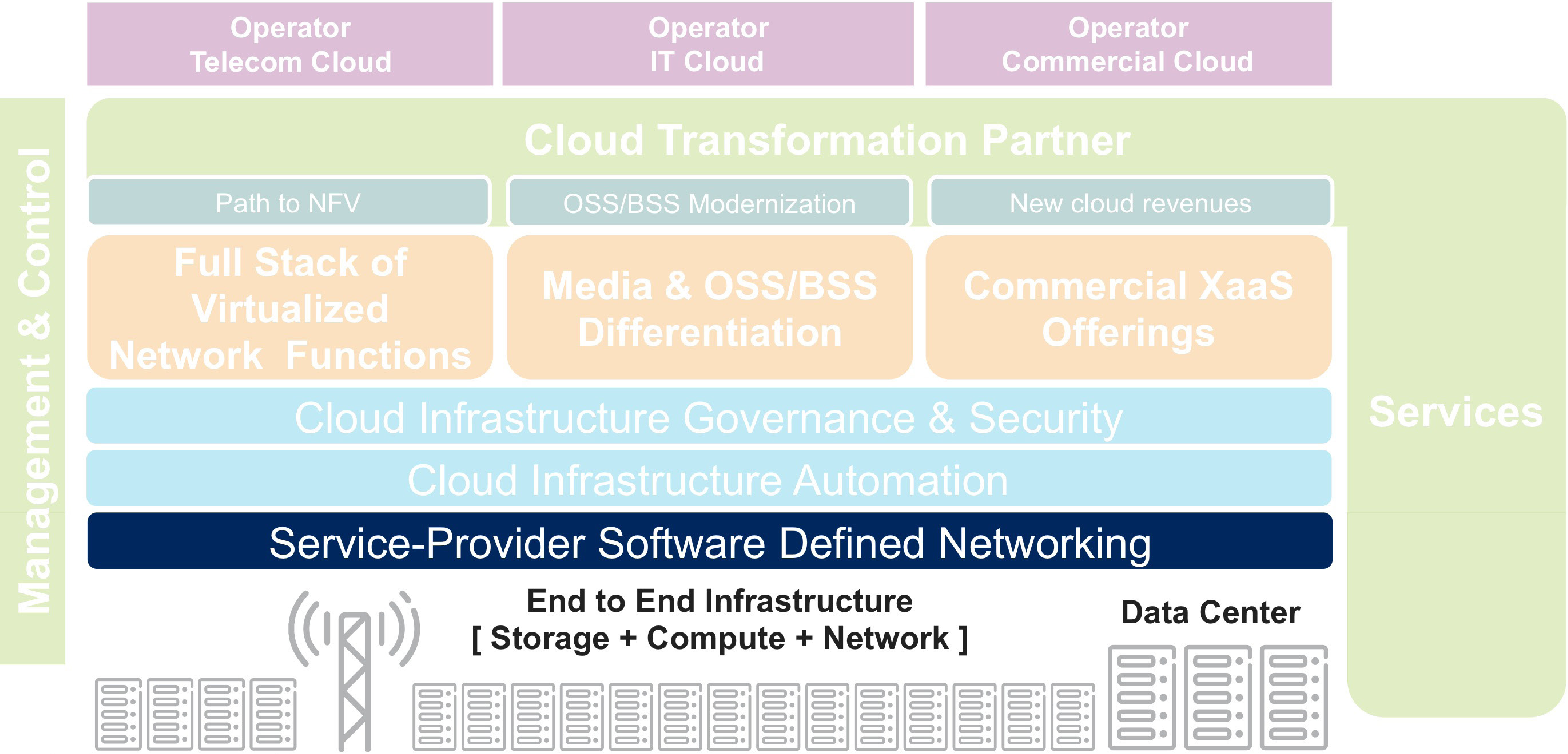
MULTI APPLICATION

SERVICE PROVIDER SDN

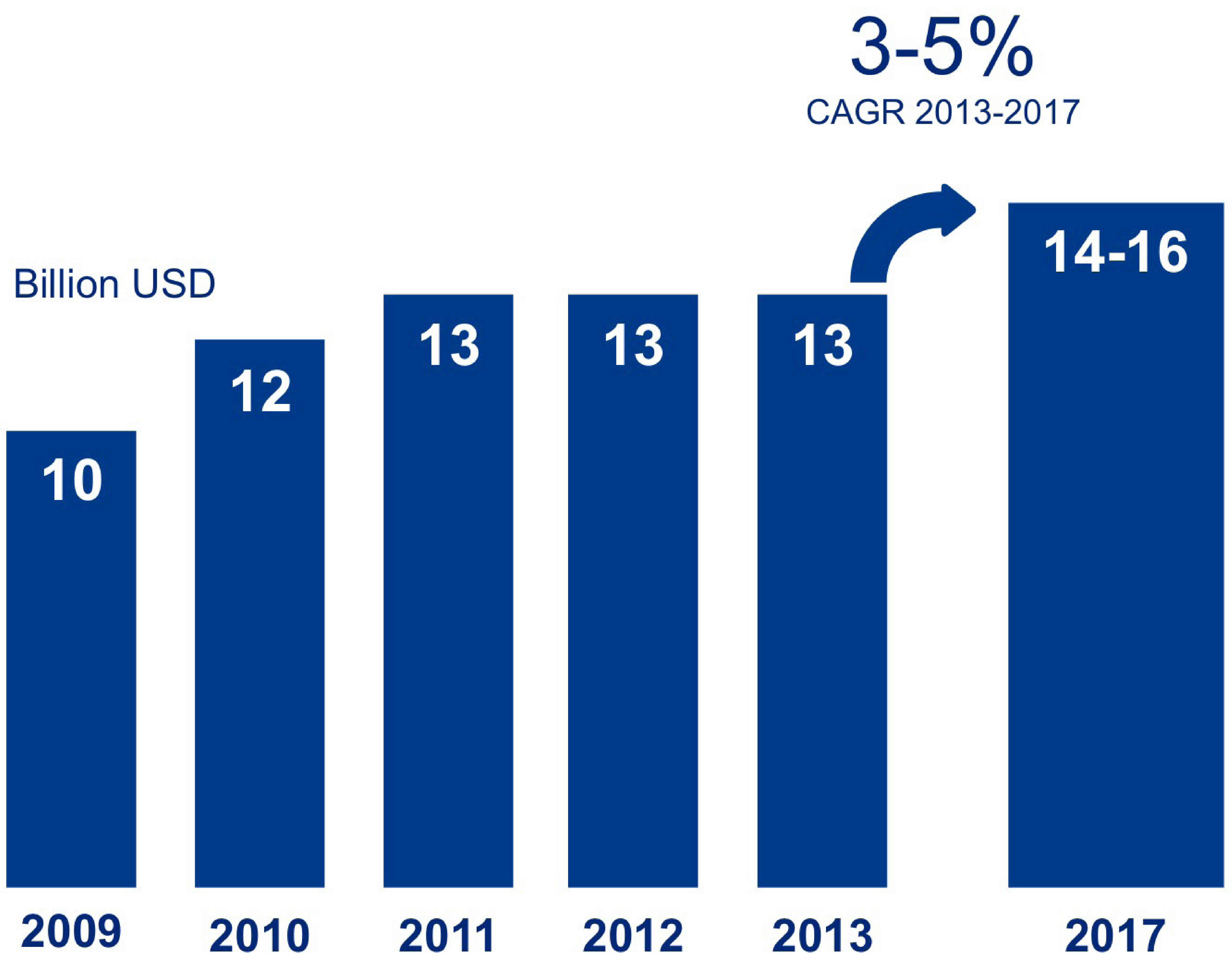


8 TRIALS

WHERE IS SERVICE PROVIDER SDN?



MARKET DRIVERS AND OUTLOOK



MARKET DRIVERS AND INDUSTRY TRENDS

IP

- Traffic increase
- Backhaul optimization
- Network simplification
- Service innovation
- Programmable network
- Efficient service delivery

Included: IP Edge, Metro Aggregation & corresponding Systems Integration

Low single-digit market share in a significant and growing IP market

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

STRATEGY GOING FORWARD

- Complete IP Portfolio end to end approach
- Leverage OSS and Radio installed base
- High attention on sales execution

Wanted position 2020

Top 3 in IP networking for operators

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

SUMMARY

IP Edge, Metro Aggregation,
Systems integration

DEFINITION

CAGR 2013-2017: 3-5 %

A 14-16 billion USD market 2017

All numbers including SDN

MARKET OUTLOOK

Alcatel-Lucent, Cisco, Huawei, Juniper

Mixed solution approach

COMPETITION

Low single-digit market share
#1 in IP routing for mobile packet core
Early with multiple Service Provider SDN engagements

PRESENT POSITION

Top 3 in IP Networking for operators

WANTED POSITION

Complete IP Portfolio e2e approach
Leverage OSS and Radio installed base
High attention on sales execution

STRATEGY

CAGR 2013-2017: 3-5 %

KEY TAKEAWAYS – IP

Why - invest

› The IP networks market is a significant market of around 13 b USD which, with the introduction of SP-SDN, will grow with 3-5% annually. The introduction of of SP-SDN enables great opportunities for rapid changes in the market.

What - offer

› We offer solutions for operators to manage and transport IP traffic in the telecom network .

How - success

› Ericsson has unique experience of mobility and a market leader position in packet core
› We have invested in a new portfolio, sales capabitlities and have the service capabitlities to run large and complex transformation projects

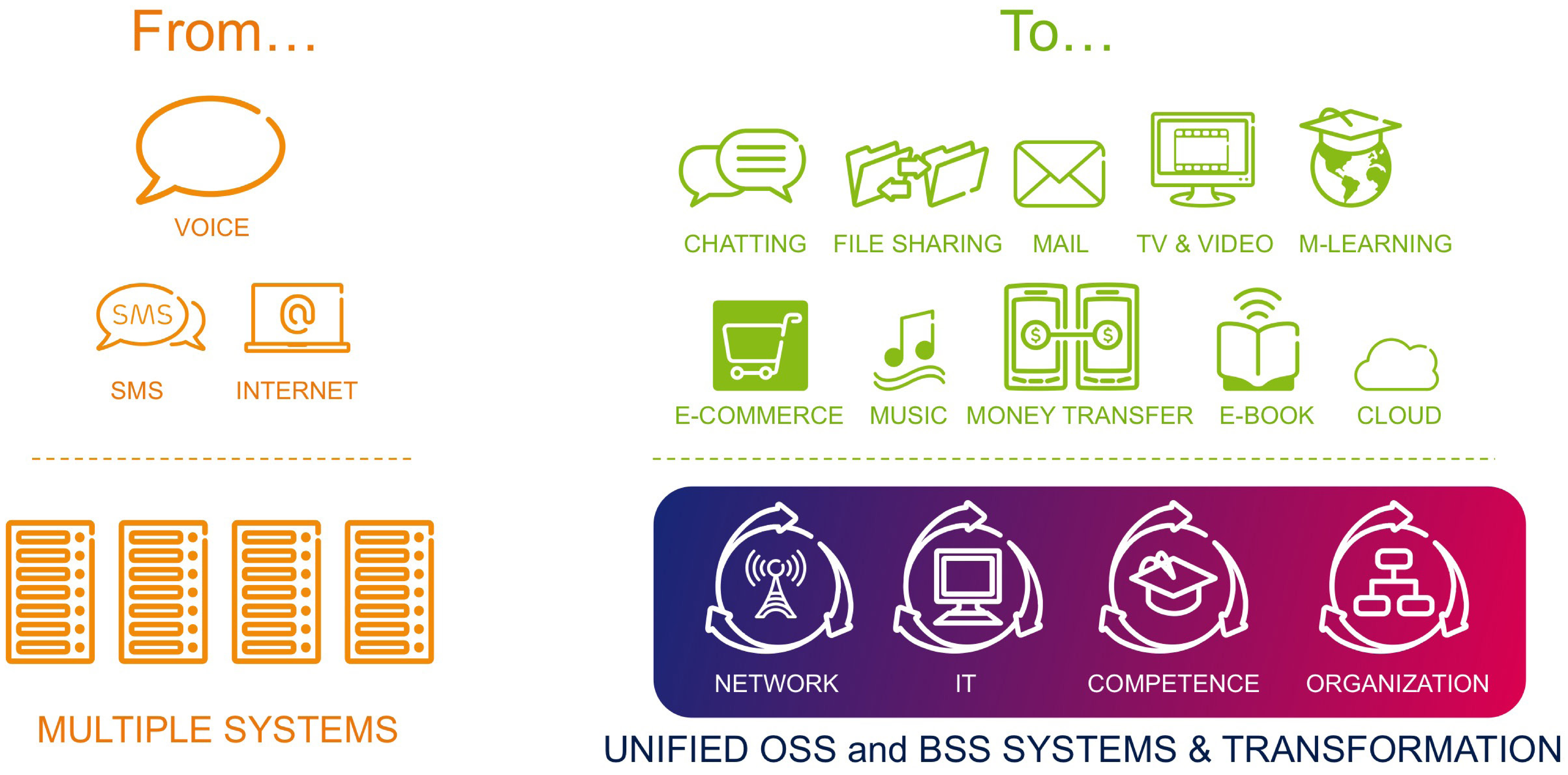
This slide contains forward-looking statements. Actual result may be materially different.

ERICSSON

OPERATIONS AND BUSINESS SUPPORT SYSTEMS (OSS AND BSS)

Head of Support Solutions Per Borgklint

SHIFT FROM VOICE TO DATA DRIVES OPERATOR TRANSFORMATION



INDUSTRY TRENDS IN OSS AND BSS

PERSONALIZED EXPERIENCES

NEW BUSINESS MODELS

EXTREME OPERATIONAL EFFICIENCY

INVEST IN INNOVATION

OSS AND BSS MUST EVOLVE TO MEET THE NETWORKED SOCIETY DEMANDS

	CUSTOMERS	SERVICES	NETWORK
Examples	Customer interaction	New service launch	Cloud orchestration

OSS and BSS are essential in enabling agility and driving growth in existing value chains and innovation in new business models

PROCESS BASED PORTFOLIO AND GLOBAL DELIVERY CAPABILITIES

CUSTOMERS

SERVICES

NETWORKS

Customer/Partner Management and Interaction

Plan-to-Provision	Idea-to-Implementation	Lead-to-Service	Service-to-Cash	Experience-to-Resolution

Data-to-Experience

Network & Cloud Management

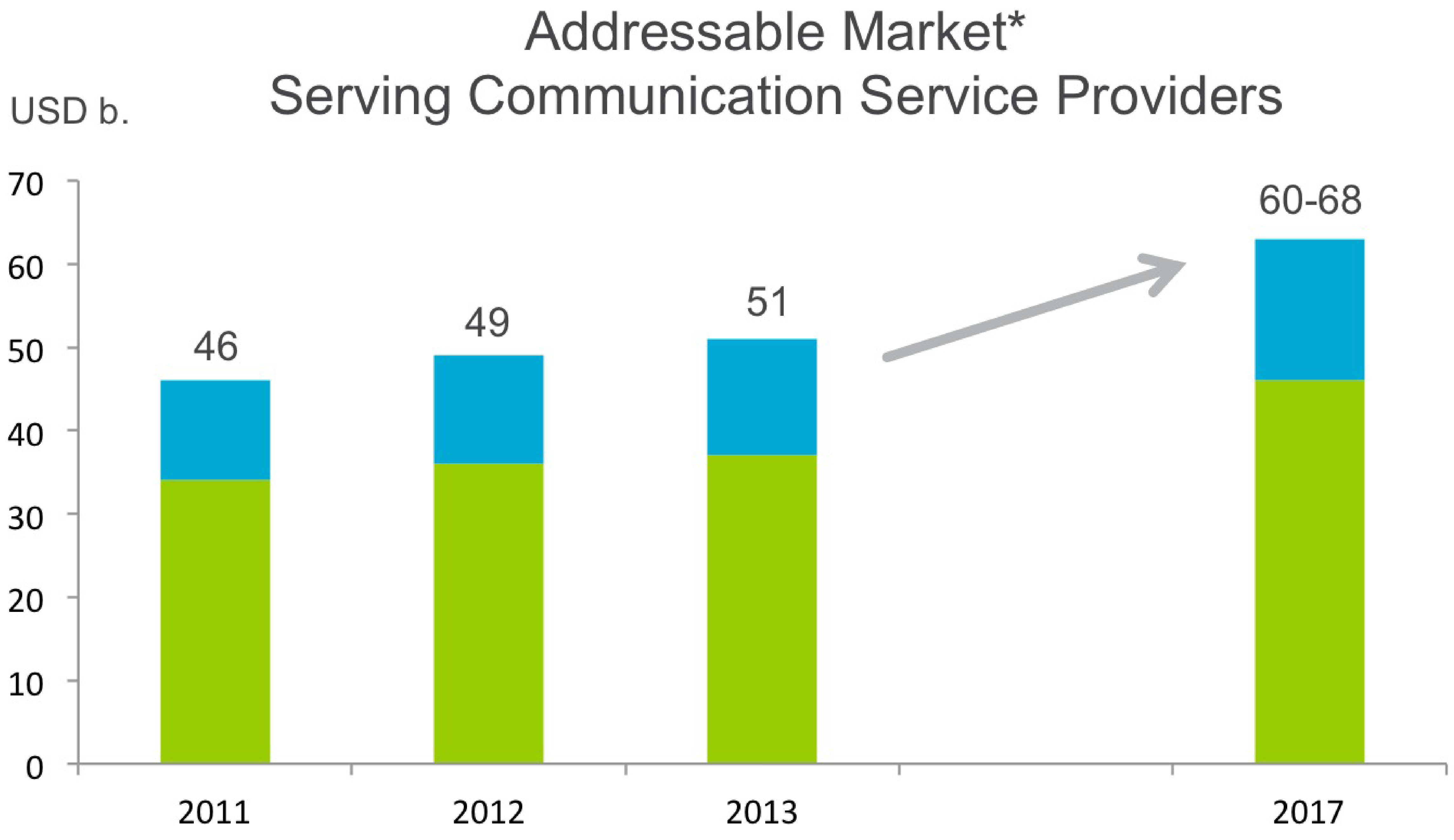
Front End: 10 Regions

Global Service Centers:

India, China, Mexico, Romania

1,500+ projects per year
16,000+ service professionals

OSS/BSS MARKET DRIVERS AND OUTLOOK



* Including Service Enablement, Domain Management and SI & Outsourcing. Excluding Support and Consulting.

Market drivers and Industry trends

Software

- End-user experience is becoming critical for operators
- Market moving from best-of-breed to best-of-suite to reduce complexity and opex spend

Services

- Operators striving to transform to reduce opex and improve customer experience
- Network competence increasingly important

Competition

Accenture, Huawei, IBM, Amdocs, Netcracker, Comverse

CAGR 2013-2017: 5-7%

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

OSS AND BSS MARKET POSITION

1500
Consulting and SI projects per year

16,000
Consulting and SI professionals

Working with the world's leading operators

900
OSS systems in operation

>2.1 BILLION SUBS
Served by Ericsson Charging and Billing

RANKED #1 WORLDWIDE FOR
- > OSS
- > BSS
- > Service Delivery and services

SIGNIFICANT PROGRESS IN 2014 TO REINFORCE #1 POSITION

CUSTOMERS	SERVICES	NETWORK
Ericsson Expert Analytics	Ericsson Charging System 6.0	Ericsson Network Manager

Cloud Transformation Services

Capability Development

metratech

sentilla

GEOSS
GESELLSCHAFT FÜR OSS-LÖSUNGEN

Acquisitions

TeliaSonera

T-Mobile

CenturyLink

Contract wins

STRATEGY GOING FORWARD

Strategy going forward

- Reduce network complexity with our evolved pre-integrated OSS and BSS software suite
- Expand suite into cloud, analytics, new verticals and SaaS models
- Extend world-class business process transformation consulting practice
- Leverage scale through global sales & delivery model for professional services

Wanted position

Preferred ICT transformation partner

› Extend #1 position in Telco
› Expand ICT professional services
› Established position in Verticals

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

SUMMARY

Operations and Business Support Systems	Market size 2013: USD 51 b. CAGR 2013-2017: 5-7%	Accenture, Huawei, IBM, Amdocs, Netcracker, Comverse
Definition	**Market outlook**	**Competition**
#1 position in global software and services	Preferred ICT transformation partner	Evolve pre-integrated software suite and business transformation practice
Present position	**Wanted position**	**Strategy**

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

KEY TAKEAWAYS – OSS AND BSS

Why - invest

› The IT systems of the telecom networks of today are built to handle traditional telecom services such as voice and SMS. With mobile broadband and introduction of virtualized networks (NFV/SDN) these IT systems need to rapidly transform to enable operators to capitalize on the new digital economy and ecosystem.

What - offer

› We sell OSS and BSS software solutions and professional services to enable our customers to become more agile in managing their customers, services, network and ultimately their business.

How - success

› We are market leaders in OSS and BSS.
› We have extensive experience of the telecom market and have invested in a complete OSS and BSS portfolio. This combined with our long customer relationships and global service capability we have a strong offering to operators to manage their OSS/BSS evolution.

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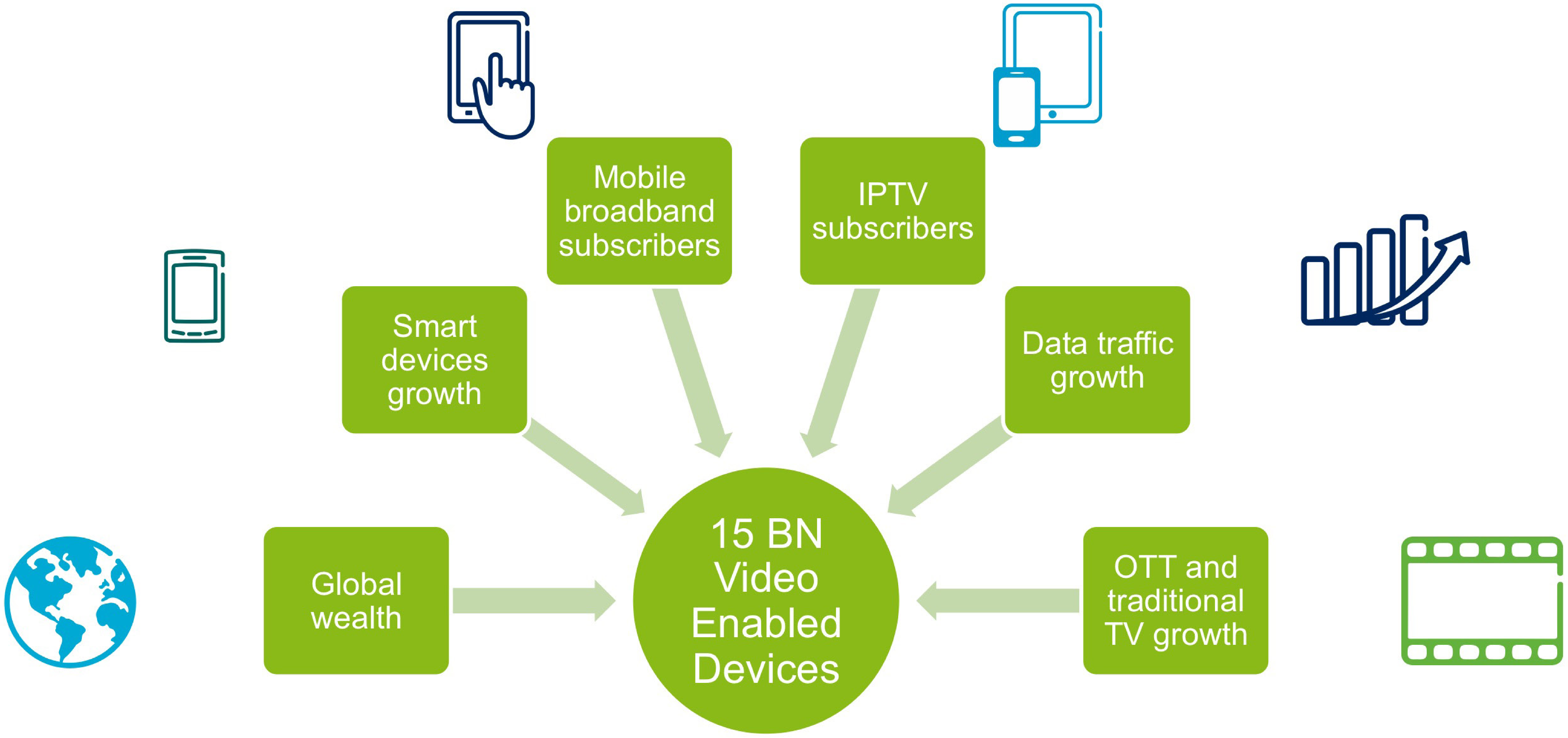
ERICSSON

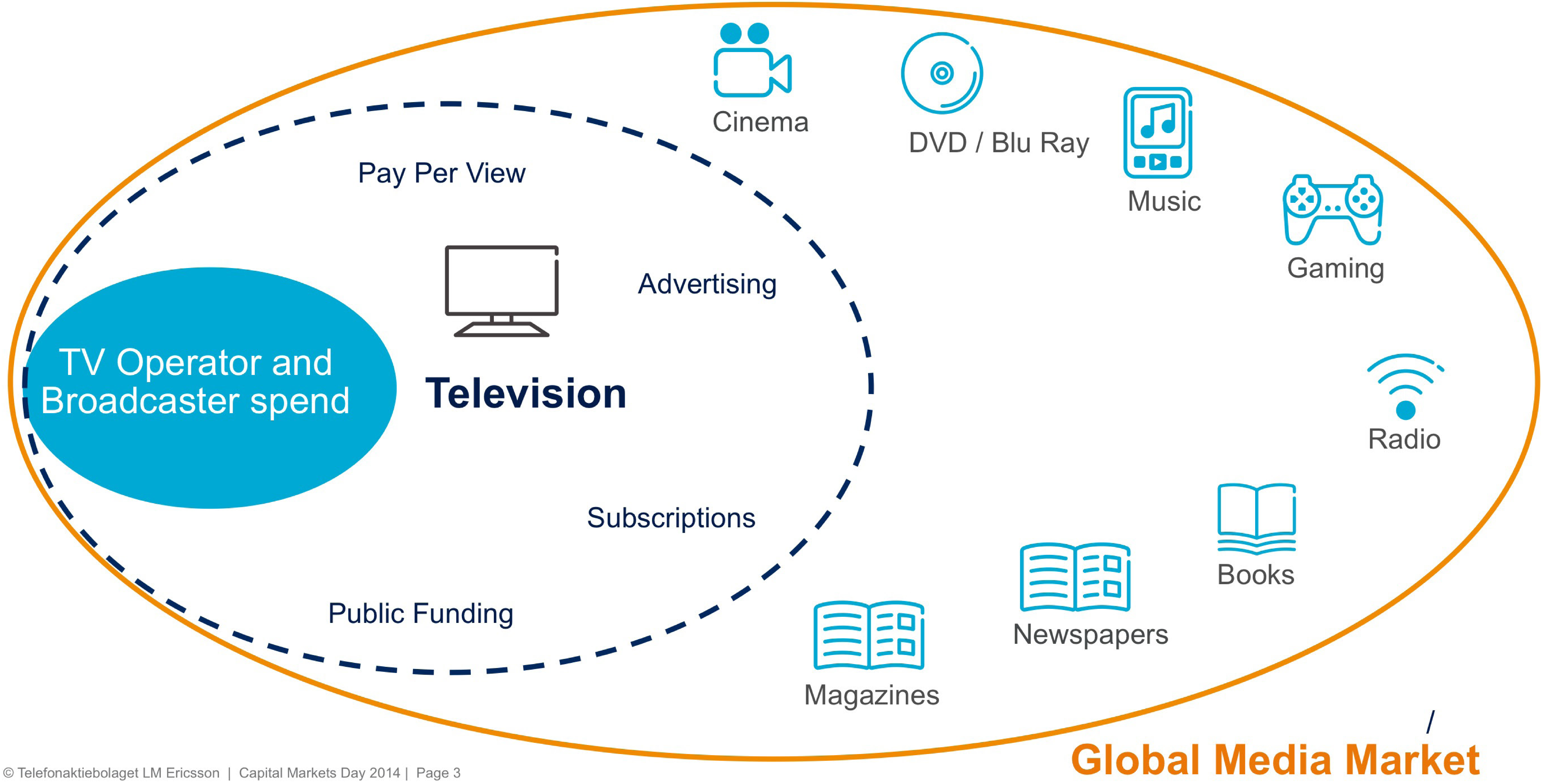
TV & MEDIA

Head of Support Solutions Per Borgklint

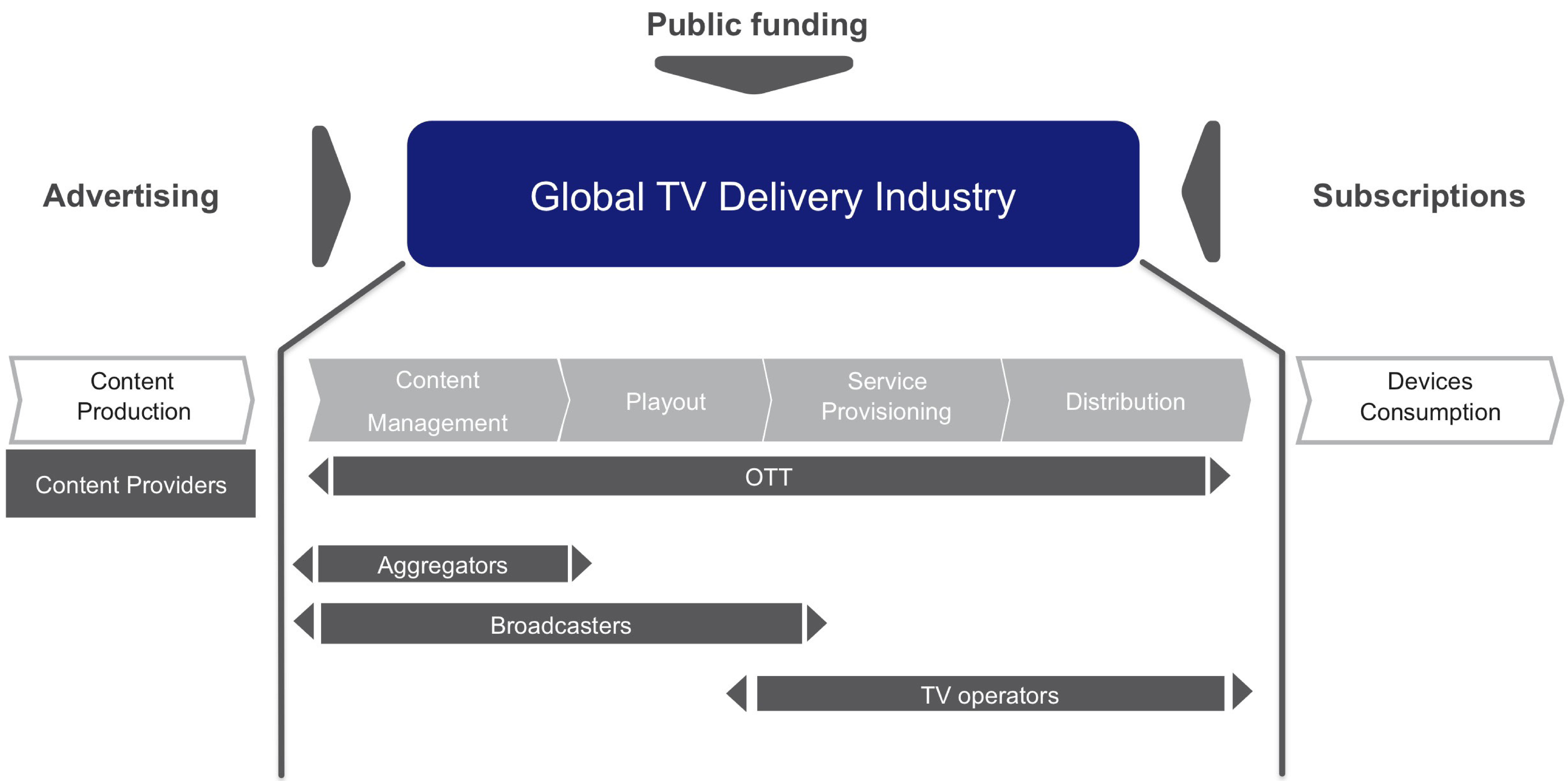
GLOBAL GROWTH MEDIA CONSUMPTION



MEDIA INDUSTRY TRANSFORMATION



TV & MEDIA INDUSTRY OVERVIEW



ERICSSON HAS SECURED A LEADING MARKET POSITION

#1

Globally deployed IPTV platform, delivering services to 17M subscribers in 32 countries

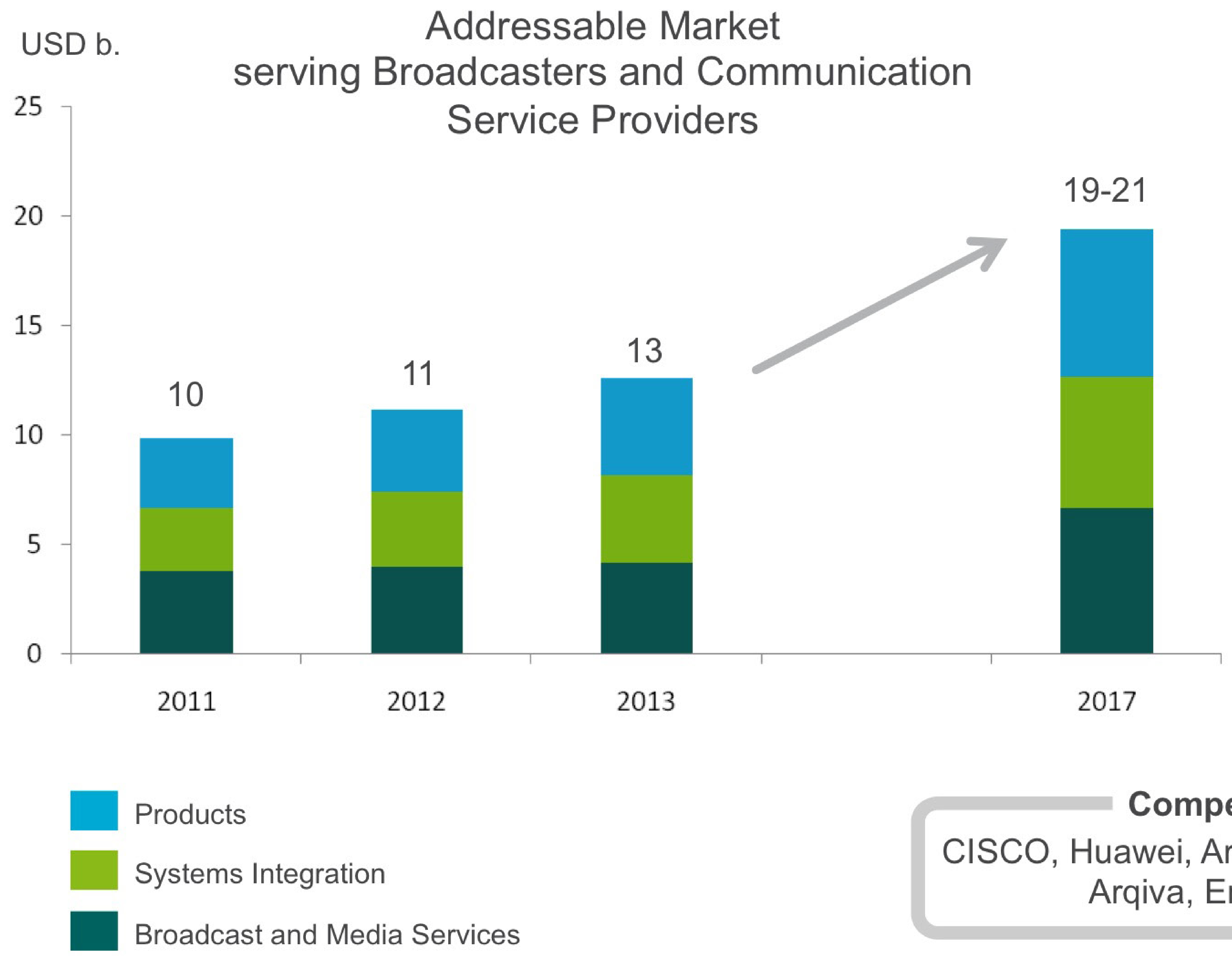
#1

Provider of broadcast services, managing over 500 linear and OTT channels delivering 2.7M hours of content annually

75

Awards for TV technology, including 5 Technical Emmy Awards

TV & MEDIA MARKET DRIVERS AND OUTLOOK



Market drivers and Industry trends

Products	• Media experience and delivery efficiency drive investments
Systems Integration	• Industry looking for IP transformation partners
Broadcast and Media Services	• Outsourcing of broadcast and media services

Competition
CISCO, Huawei, Arris, Harmonic, ALU, Arqiva, Encompass

CAGR 2013-2017: 11-13%

Source: Ericsson Strategic Forecast. Excluding Authentication and Federation.

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

KEY PROGRESS DURING 2014

Capability Development

- TV Platforms
  - Ericsson MediaFirst TV Platform
- Video Processing
  - Ericsson Virtualized Encoding
- Broadcast and Media Services
  - Ericsson Live Subtitling
  - Ericsson Cloud enabled Media Management

Key customers

- France 24, France
- BBC, UK
- Channel 4, UK
- MTV, Finland
- NBC Olympics

Acquisitions

azuki SYSTEMS

RED BEE

FABRIX SYSTEMS


Search
ERICSSON MEDIAFIRST
ERICSSON
You
LiveTV
All
Video will be added
Resume
Favorites
Rentals
You Might Like
Resume
The Butler
Press INFO for detail
MAN OF STEEL
Man of Steel
43 min left
Breaking Bad
Breaking Bad
11 min left
Drive
Drive
58 min left
SKYFALL
Skyfall
49 min left
MADMEN
Mad Men
22 min left

STRATEGY GOING FORWARD

Strategy going forward

- Strengthen leadership position in IPTV platforms building on existing footprint
- Establish a differentiated position in video-centric networks
- Excel in video transformation through our end to end professional services capabilities
- Leverage our global reach, services and technology leadership

Wanted position

The leader in the IP transformation of TV & Media

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

SUMMARY

TV and Media for Telcos, Cable and Broadcasters	Market size 2013: USD 13 b. CAGR 2013-2017: 11-13%	CISCO, Huawei, Arris, Harmonic, ALU, Arqiva, Encompass
Definition	**Market outlook**	**Competition**
Market leader in IPTV platforms, compression & broadcast and media services	The leader in the IP transformation of TV & Media	Leverage our global reach, services & technology leadership to succeed in TV & Media
Present position	**Wanted position**	**Strategy**

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

KEY TAKEAWAYS – TV AND MEDIA

Why - invest

- Today about 40% of the data transfered in the mobile networks are video and we expect the consumer demand to continue.
  This will generate a growth of video data traffic in the mobile network to increase 10 times
- Convergence between Media, IT and Telecom happening rapidly

What - offer

- Our capabililities span the entire TV value chain.
- We offer products and solutions for IPTV platforms, media delivery and compression as well as broadcast and media services

How - success

- We are market leaders in IPTV platforms, compression and broadcast services
- We will levereage our global reach, services and technology leadership

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

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INDUSTRY & SOCIETY

Head of Region Northern Europe & Central Asia, Charlotta Sund

Head of Global Services, Magnus Mandersson

MOBILITY IS CHANGING THE WORLD

30+ SIGNIFICANT DEALS DURING THE LAST TWO YEARS

HYDRO QUÉBEC
SMART METERING

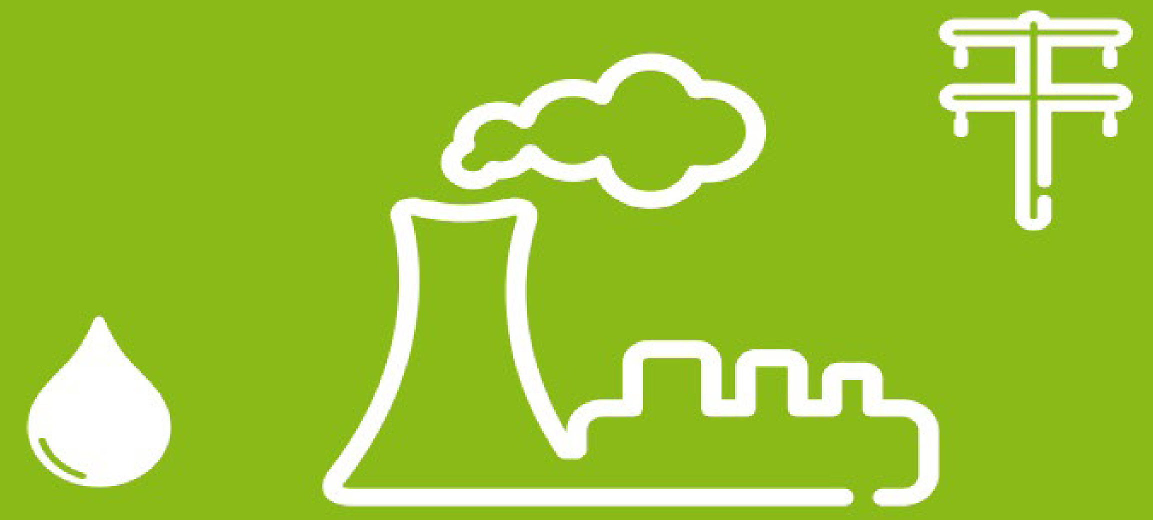
SAO JOSE DOS CAMPOS
DISASTER AND EMERGENCY MANAGEMENT

VOLVO CARS
CONNECTED VEHICLE

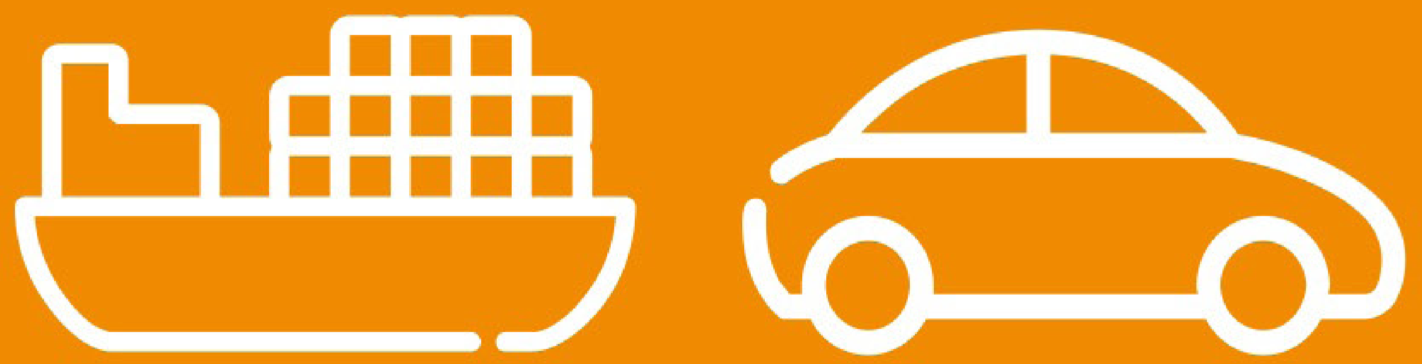

CONNECTED VEHICLE CLOUD
INDUSTRY INNOVATION

3 FOCUS INDUSTRIES

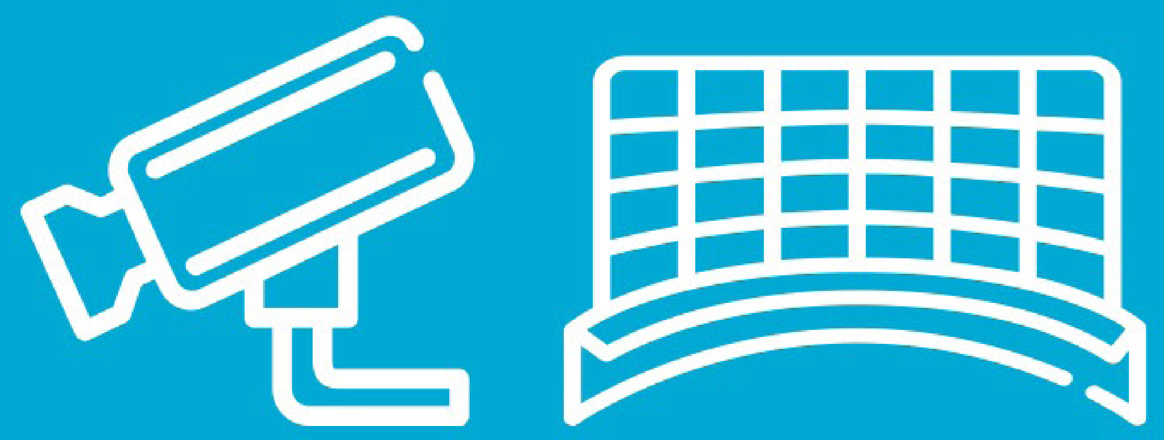
Utilities



Transport



Public safety



WHY INVEST IN INDUSTRY & SOCIETY?

Selection criteria

- Re-use of core capabilities
- Concentrated market
- Global replicability
- Large and complex customers
- Mobility enabled disruptive shift

WHY ERICSSON?

Transformation partner

ICT technologies

Global operations

End-to-end responsibility

Managing complexity

Technology & services leadership

Global presence & scale

MARKET DRIVERS

Sustainability

Urbanization

Safety

Innovation

- Business models
- Value chains

CO-OPETITIVE LANDSCAPE

IT Consultants and Solution Providers

ICT Infrastructure Vendors

Industry Specific Players

INDUSTRY & SOCIETY

Utilities | Transport | Public Safety

Leverage on
- Existing products and services
- Global delivery model
- People and skills

Investments
- Industrialize portfolio
- Recruit industry experts
- Build brand
- Targeted acquisitions

First case → Build best practice → Replicate and scale

We are together transforming the targeted industries by leveraging our existing products and services

SUMMARY

Definition
Focus on Utilities, Transport and Public Safety

Market outlook
Large, fragmented market with good growth

Competition
From IT, telecom vendors and industry specific vendors

Present position
Transformation partner across Business, Networks and IT

Wanted position
Preferred partner in selected industries

Strategy
- Extend capabilities
- Strengthen portfolio
- Establish awareness

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

KEY TAKEAWAYS – INDUSTRY AND SOCIETY

Why - invest

- Many industries are transforming with the Networked society and companies are exploring new opprortunities and seek for mobile solutons.
- Customers are often large complex that require services expertiese and ability to complex projects. This suits Ericsson capabilities.

What - offer

- We reuse our existing telecommunicationportfolio (product and services) and mainly sell to three industries – Utiility, Transport and Public safety

How - success

- We have the portfolio, capability and experience to support other industries go mobile. We will further industrialize our portfolio and capabilities. We have established business in this segment in three regions and will now focus on bring this business to all our ten regions.

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

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RESOURCE ALLOCATION

Head of Strategy Rima Qureshi

RESOURCE ALLOCATION

Ericsson Today
Technology and services leader in telecoms

- Leadership positions
  - # 1 in Mobile Networks
  - # 1 in OSS and BSS
  - # 1 in Services
  - # 1 in Media Delivery, IPTV
- Competitive assets
  - Technology leadership
  - Services leadership
  - Global scale & skills

Radio | Cloud & IP | Global Services | Support Solutions

R&D investments

Service delivery investments

Selling investments

Incentives

M&A and Partnering

Ericsson Tomorrow
Industry leader in the Networked Society

- Profitable growth above market
  - Excel in core business
  - Establish leadership in targeted areas
  - Expand in new areas
- Strengthening our assets
  - Evolve leadership in critical - technologies
  - Extended services leadership
  - Increase scale & skills advantage

Effective resource allocation to secure successful strategy execution

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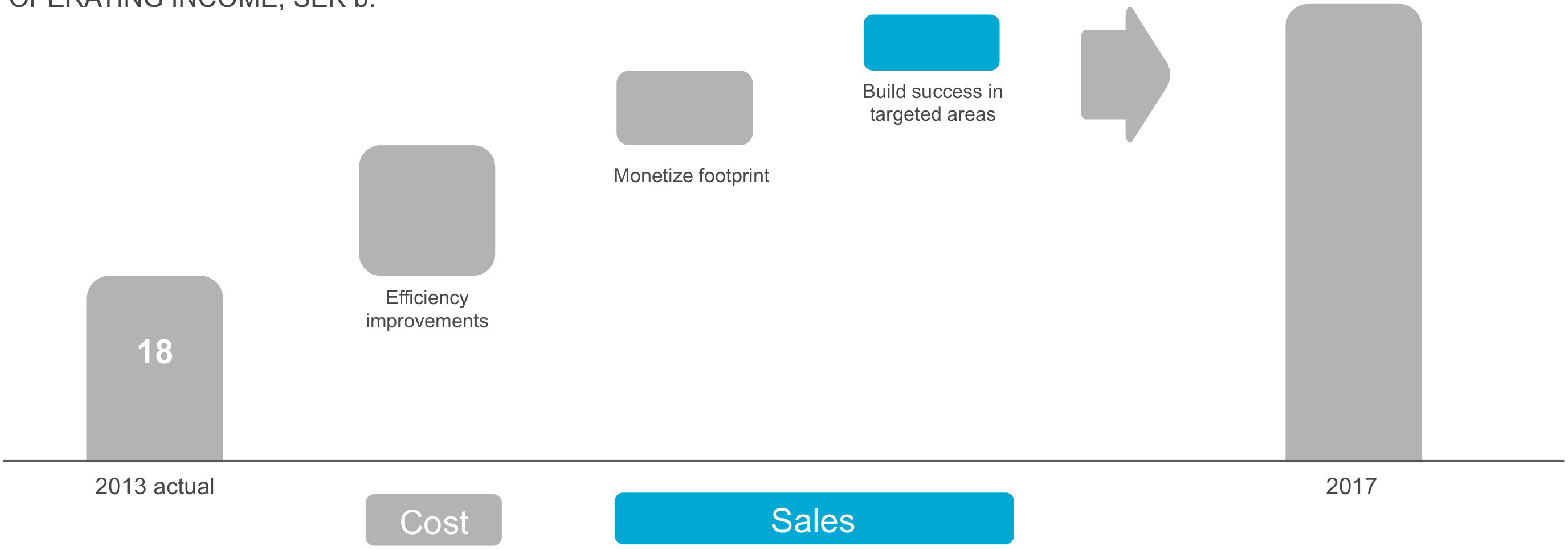
FINANCIAL IMPLICATIONS

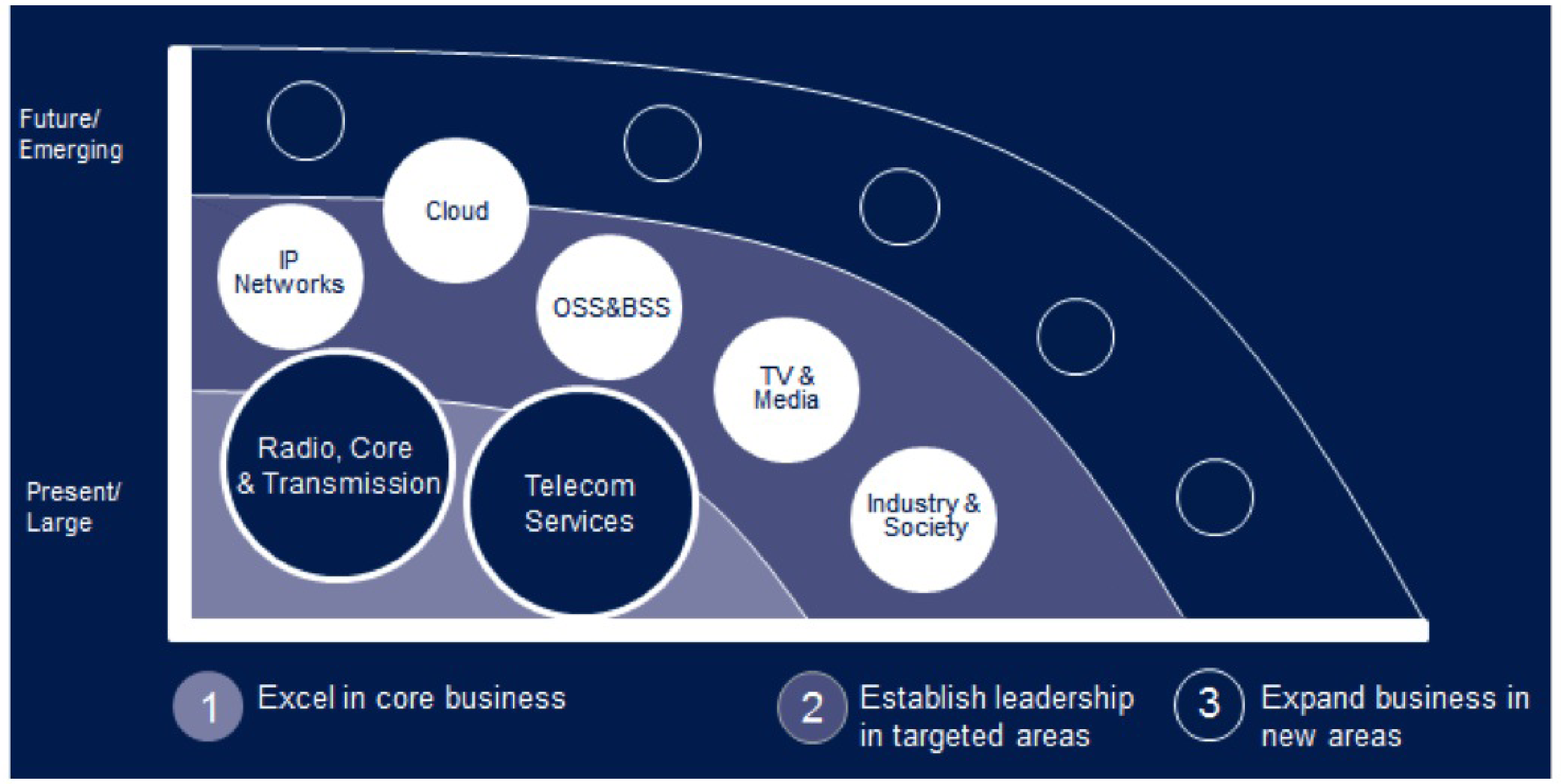
CFO, Jan Frykhammar

PROFIT IMPROVEMENT
ILLUSTRATIVE

OPERATING INCOME, SEK b.



FINANCIAL CHARACTERISTICS
TARGETED AREAS



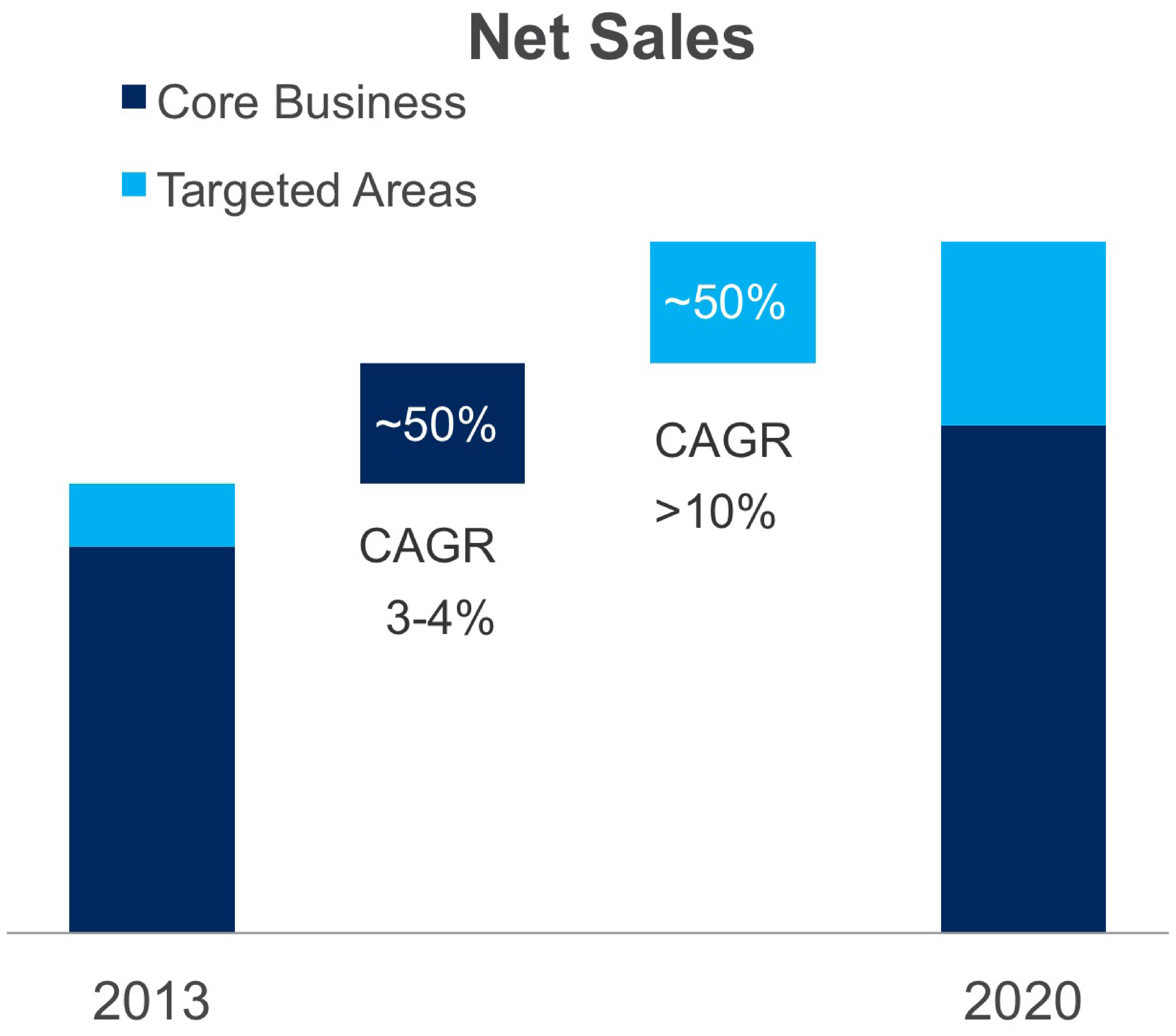
Core Business	Targeted Areas
Market growth 3-4% CAGR	High market growth, on average 10% CAGR
Current mix of hardware, software and services	High degree of professional services and recurring software
High degree of larger projects, both networks and managed services	More smaller projects
Margin dependent on business mix	Ambition to significantly improve Ericsson’s earnings towards 2020
Organic growth complemented with M&A investments and partnering	Organic growth accelerated with M&A investments and partnering
Majority of group total R&D	Increasing share of group total R&D

Recurring revenues, less capital intensive with high growth potential

Market growth: CAGR 2013-2017

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

FINANCIAL IMPACT TARGETED AREAS
ESTIMATED BASED ON MARKET ASSUMPTIONS



Targeted areas
- **Market growth:** On average 10% CAGR
- **Ericsson objective:** Establish leadership in targeted areas

Core business
- **Market growth:** 3-4% CAGR
- **Ericsson objective:** Excel in core business

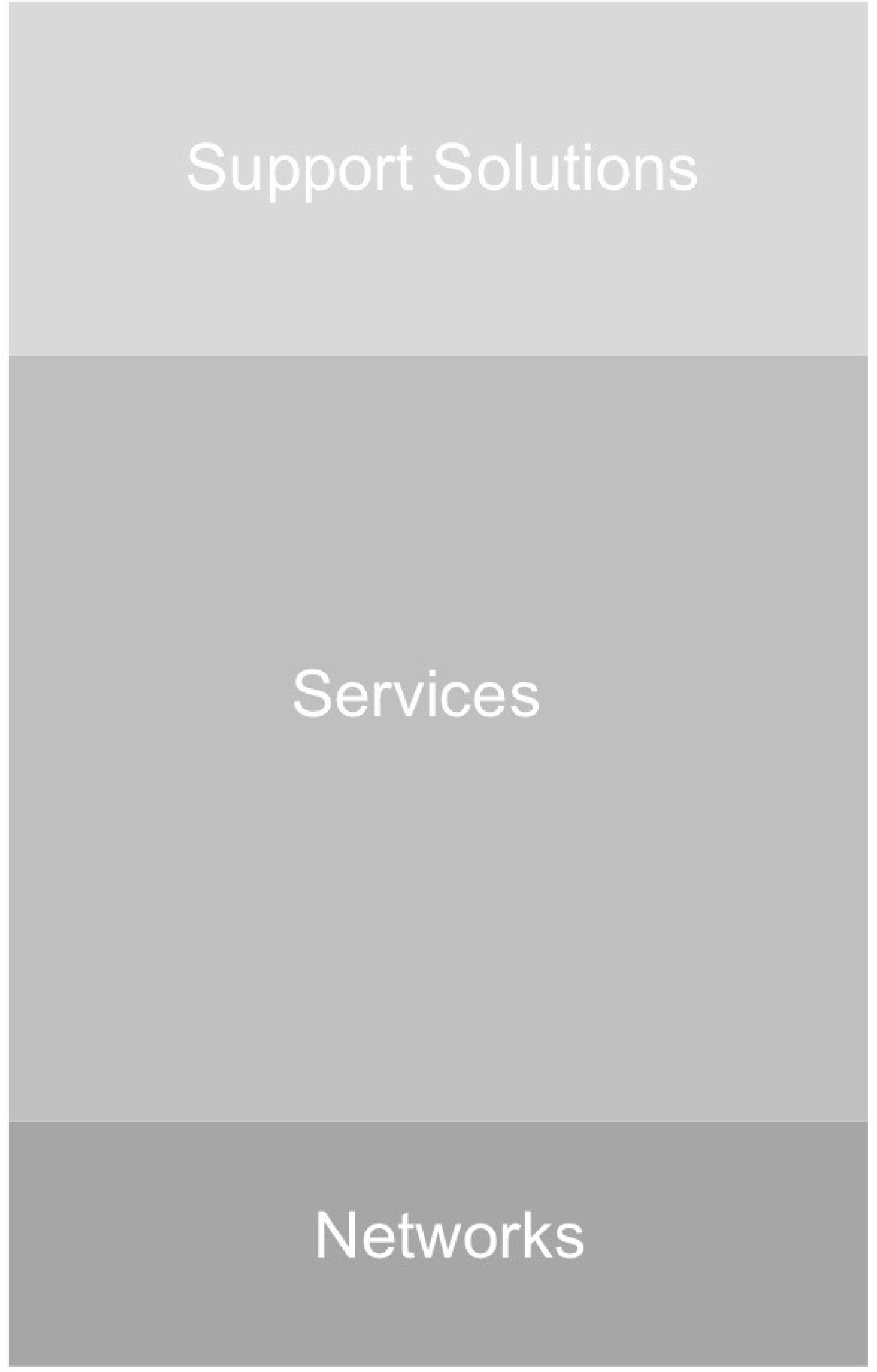
Success in targeted areas could become key sales driver to 2020

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

FINANCIAL STRUCTURE
TARGETED AREAS

Targeted area sales per area 2013 SEK ~30 b.

Targeted areas sales per segment 2013 SEK ~30 b.



- Services key enabler for growth in targeted areas
- More than 10% of group sales (2013)

*) Includes IP Metro&Backhaul and IP Edge, excludes mobile Packet Core

Solution oriented sales - combination of products and services

BUSINESS MODELS EVOLUTION

PATENTS & LICENSING

INDUSTRY & SOCIETY

TV & MEDIA

OSS&BSS

IP & CLOUD

MANAGED SERVICES

MOBILE INFRASTRUCTURE

2005

Large capital intensive infrastructure projects

>2016

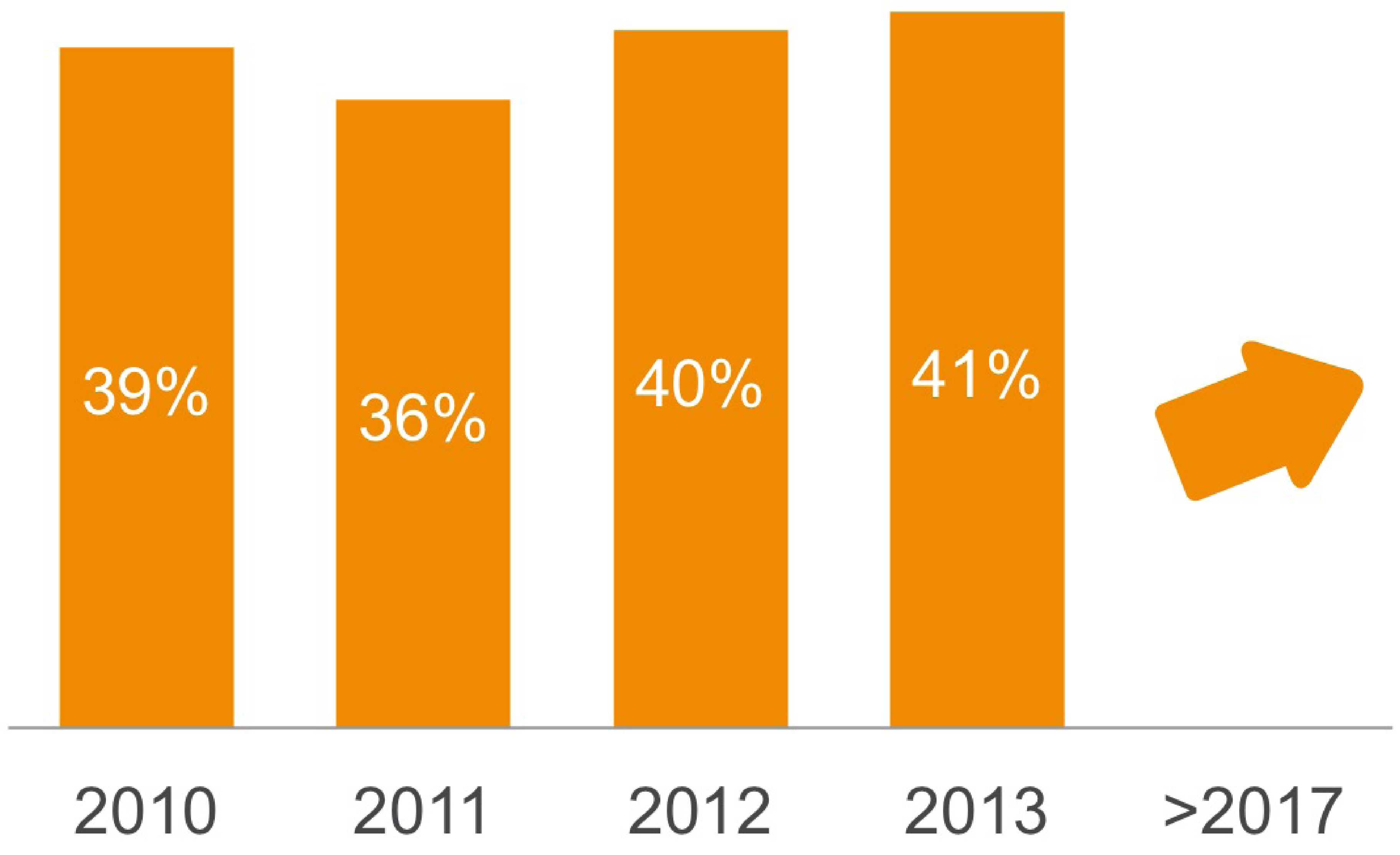
- Running royalty based licensing
- Service led transformations
- Recurring software contracts
- Recurring service contracts
- Capacity and small cell projects
- Large capital intensive infrastructure projects

Business models will gradually change as business evolves

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

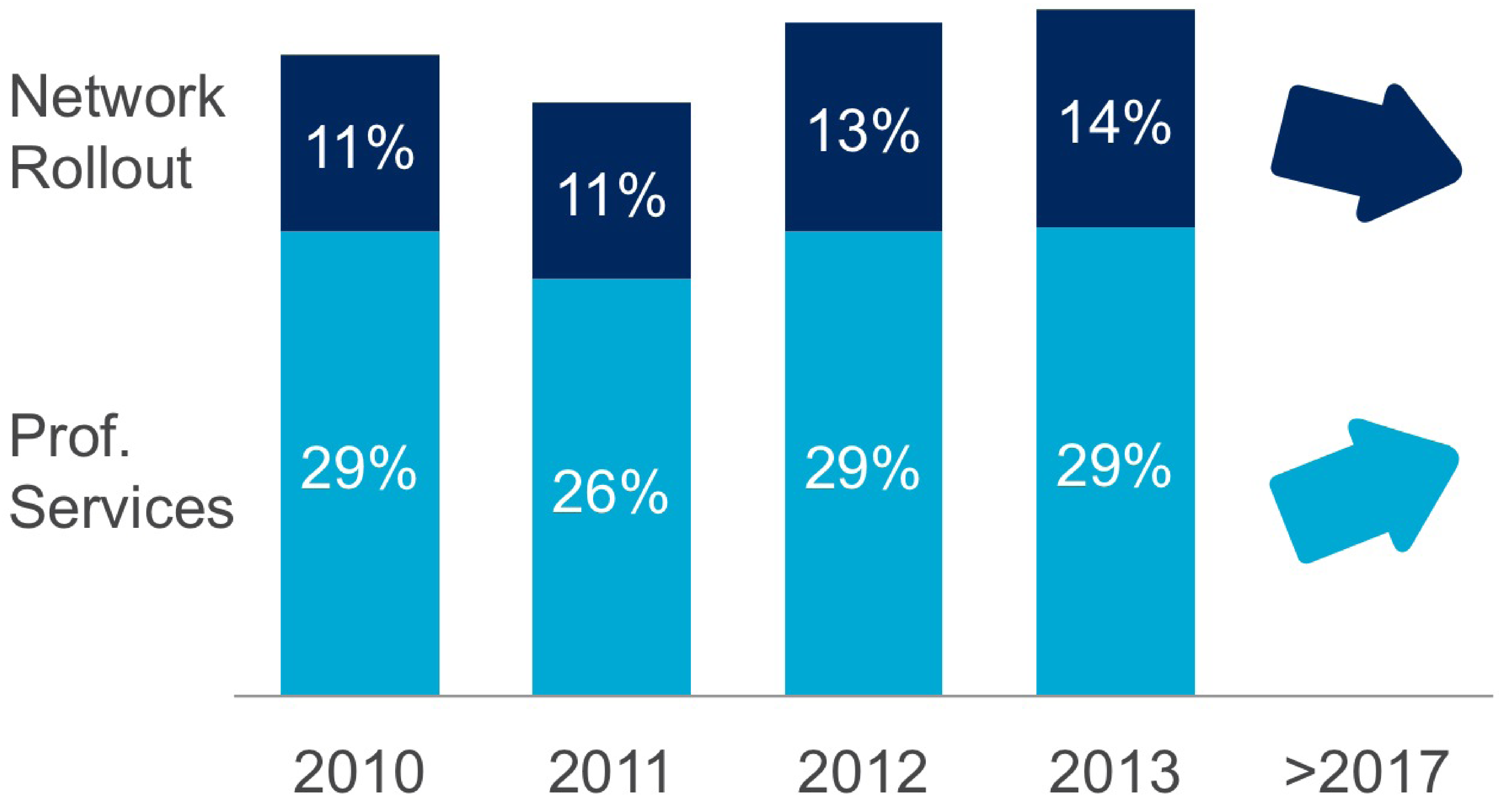
SALES MIX DEVELOPMENT

Software sales (as % of SW and HW)



- High SW content in targeted areas
- Evolve infrastructure software model to ICT environment
- Hardware important differentiator for Ericsson
- Coverage projects drives mainly HW
- Capacity business drives both SW and HW

Service sales (as % of total sales)



- Targeted areas generates Prof. Services sales
- Services share expected to increase driven mainly by managed services and systems integration
- Network rollout revenues linked to business mix

Software and professional services will increase over time supported by targeted areas

SUMMARY

OSS/BSS, Cloud, IP, TV & Media, Industry & Society	On average ~10% CAGR 2013 - 2017	High degree of professional services and recurring software
Definition	**Market outlook**	**Financial characteristics**
~SEK 30 b. in sales 2013. Dilutive to group operating margin.	Key Sales driver to 2020. Accretive to group operating margin.	Large share of group M&A. Increasing share of group R&D expenses.
Current position	**Wanted position**	**Investments**

Success in targeted areas could become key sales driver to 2020

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