

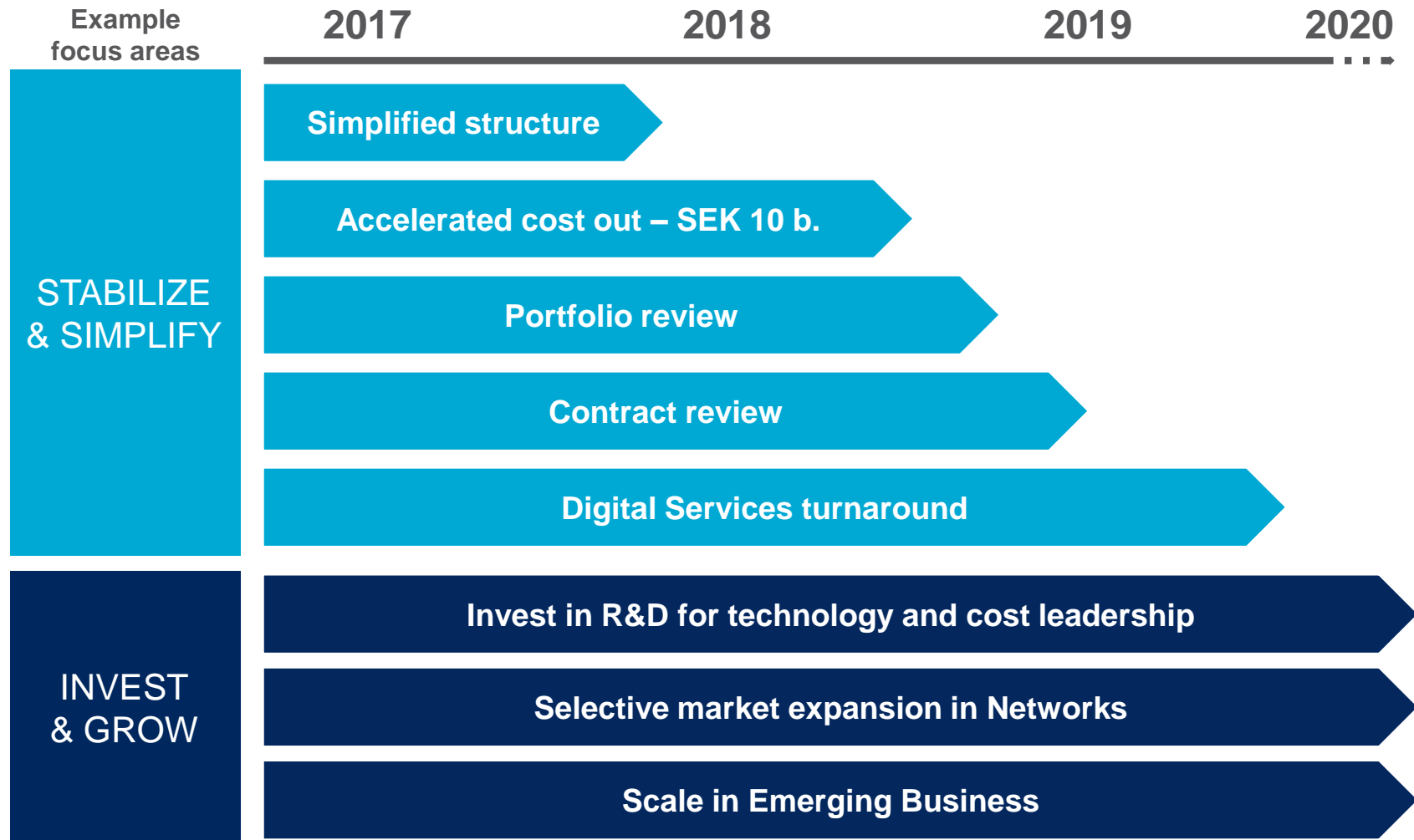


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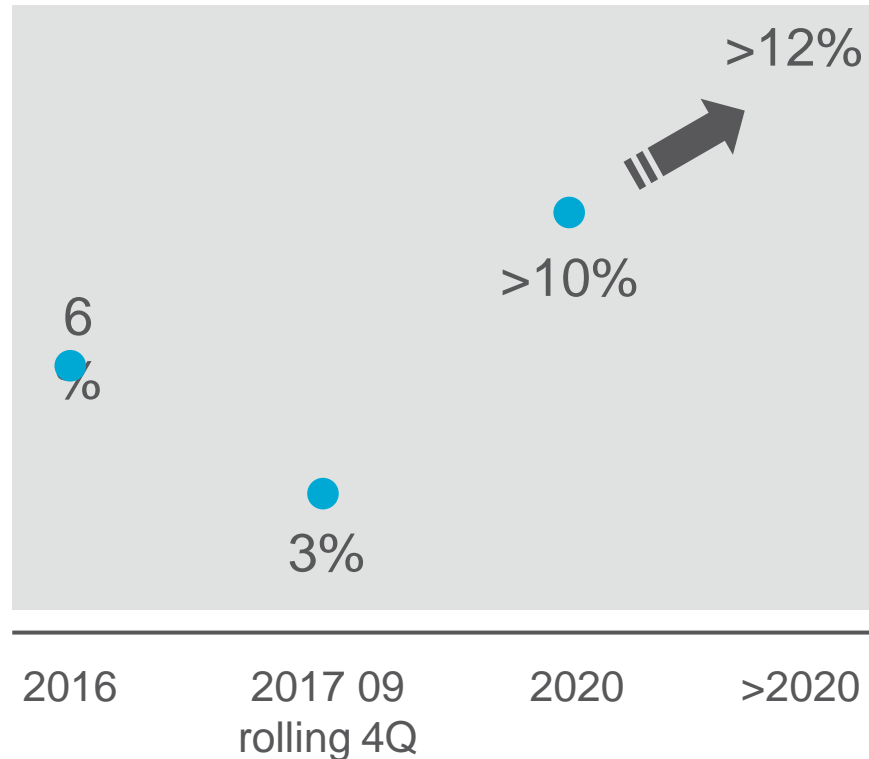


BÖRJE EKHOLM  
CEO

# NEAR-TERM FOCUS ON PROFITABILITY



# LONG-TERM OPERATING MARGIN TARGET



Note: Operating margin is excluding restructuring charges and XO items

## Drivers to reach >12% operating margin

- › 5G ramp-up and operators expanding into new revenue streams
- › Scaling the software-led business in Digital Services
- › Automation and analytics offering new opportunities in Managed Services
- › Further improvements to the company cost structure, e.g. common costs
- › Scaling of select Emerging Business ventures accretive to earnings

Note: Financial targets based on SEK/USD 8.20

# SUMMARY



## Focused business strategy

- › Enabling the full value of connectivity for service providers
- › Increasing R&D in Networks for technology and cost leadership
- › Turning around and shifting to software-led solutions in Digital Services
- › Contract review in Managed Services and investing in automation
- › Investing in innovation and future growth in Emerging Business

## Strategy execution progressing as planned (examples)

- ✓ Accelerated cost out, e.g. SEK 2 b. run rate reduction end of Q3 2017
- ✓ Contract review, e.g. 13 of 42 Managed Services contracts addressed
- ✓ Investing to stabilize roadmaps and shift to software-led in Digital Services
- ✓ Increasing R&D investments in Networks for technology leadership

## Robust financial targets 2020

- › Robust plan for net sales of SEK 190-200 b.
- › Gross margin at 37-39%<sup>1</sup> supported by technology and cost leadership
- › Operating margin target at >10%<sup>1</sup> (>12%<sup>1</sup> beyond 2020)

<sup>1</sup>Excluding restructuring charges

High potential to improve company value creation