



ERICSSON



PRELIMINARY Q3, 2016, EARNINGS

JAN FRYKHAMMAR

President and CEO

CARL MELLANDER

Vice President and acting CFO

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.

WHY THIS ANNOUNCEMENT?



- › The 2016 Q3 result is significantly lower than we expected and deviates from what we previously have communicated regarding market development
- › In Q2 we said that the current sales trends and business mix were expected to prevail 2H of the year
- › However, negative industry trends from first half 2016, with weaker demand for mobile broadband, especially in markets with weak macro-economic environment, have further accelerated
- › In addition, capacity sales in Europe was lower

COMMENTS ON Q3 EARNINGS



- › Sales declined by -14% YoY to SEK 51.1 (59.2) b.
 - Driven by slower development in Segment Networks where sales declined by -19%.
- › The business mix has changed with lower share of capacity sales and a higher services share
 - Gross margin declined to 28% (34%) following lower volumes in Segment Networks, lower mobile broadband capacity sales and higher share of services sales
- › Operating income declined to SEK 0.3 (5.1) b.
 - Including restructuring charges of SEK 1.3 b.
- › Current trends are expected to continue short term.

KEY NUMBERS

Preliminary and unaudited



SEK b.	Q316	Q315	YoY change	Q216	QoQ change
Sales	51.1	59.2	-14%	54.1	-6%
<i>Of which Networks</i>	23.3	28.8	-19%	26.8	-13%
Gross income	14.5	20.1	-28%	17.5	-17%
Gross margin	28.3%	33.9%	-	32.3%	-
Operating expenses	-14.1	-14.9	-6%	14.5	-3%
Operating income	0.3	5.1	-93%	2.8	-88%
<i>Of which Networks</i>	-0.3	2.8	-109%	1.6	-116%
Operating income ex restructuring charges	1.6	6.1	-73%	3.8	-58%

NEXT STEPS



- › Continued analysis and finalization of the Q3 2016 earnings report
- › Full report to be published October 21, 07.30
 - Press conference at 09:00 CET
 - Analyst call at 14:00 CET
- › Investor Update in New York, November 10



Q&A



ERICSSON