

PLANNING ASSUMPTIONS

FROM THE Q4 REPORT



	Q1	2018 →
Market outlook		RAN equipment market -2% FY18 (in line with external sources). The Chinese market continues to decline, positive momentum in the U.S.
Net sales	USD/SEK 10% weaker → ~ -5% sales and ~ -1pp OM. For historical FX rates, please see ericsson.com	Focusing the business - reduced FY19 sales by up to SEK 10 b. compared to FY16. Baseline for IPR ~SEK 7b., on an annual basis.
Cost of sales and expenses	Opex typically varies between quarters due to seasonality.	Cost savings of SEK >10 b. implemented by mid-2018. Increased R&D expenses, primarily in Networks.
Restructuring		SEK 5-7 b. FY18
Segment specific assumptions		Actions to improve profitability in Digital Services - positive effects on gross margin in 2H18.

Actual and estimated capitalization impact

SEK b.	Q117	Q417	Q118 est.	FY17	FY18 est.	FY19 est.
CoS	-0.5	-0.8	-0.3	-2.6	-1	-
R&D	0.7	-0.6	-0.5	-0.3	-2	-
Total	0.3	-1.4	-0.8	-2.9	-3	-1 to -2

Based on current visibility, assessments and FX rates