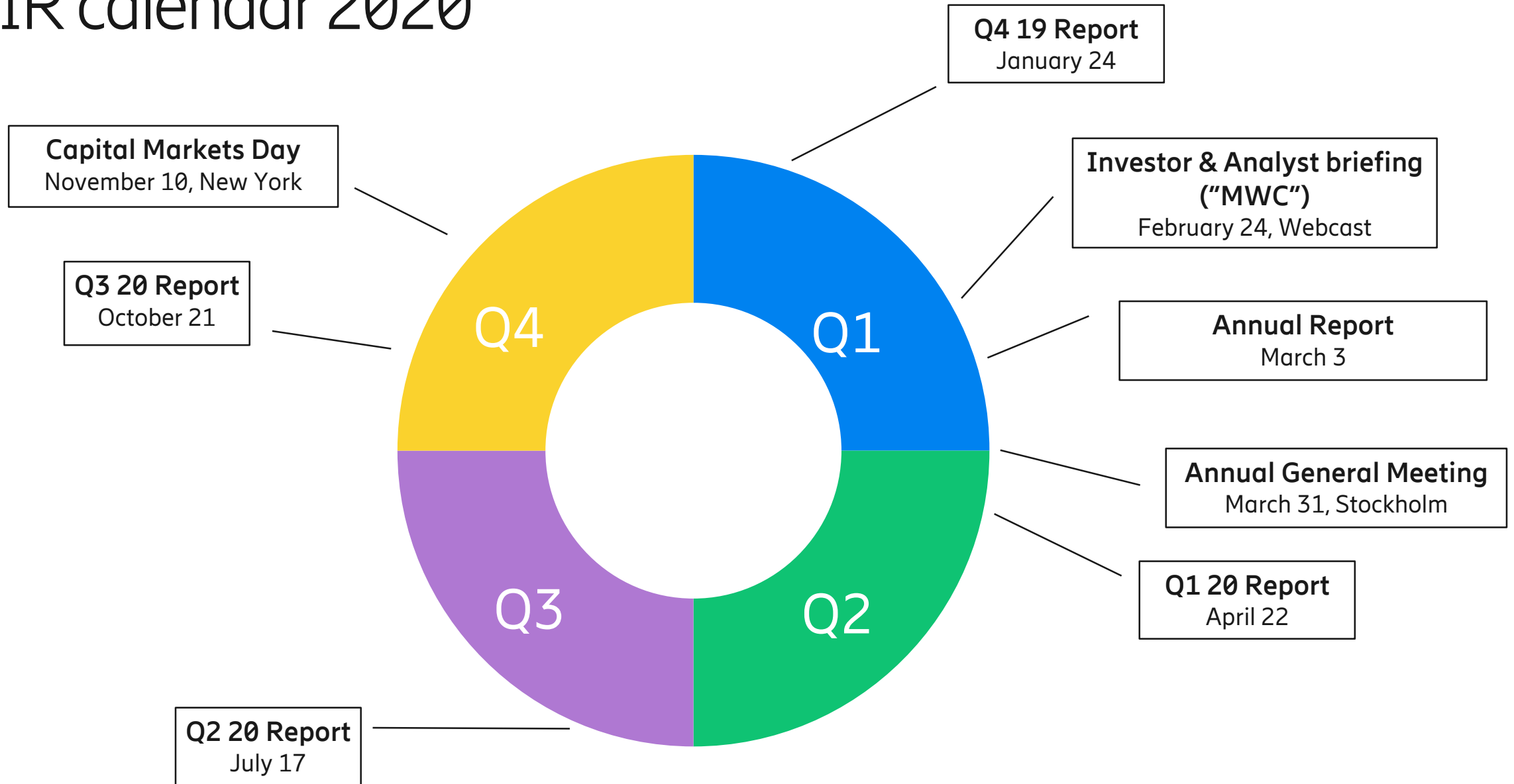# Ericsson on 5G – A business and portfolio snapshot

Live webcast and Q&A with management
24 February at 2:00 to 4:30 PM CET

Safe harbor statement

This presentation contains forward-looking statements. Such statements are based on our current expectations and are subject to risks and uncertainties that could materially affect our business and results. Please read our earnings reports and our most recent annual report for a better understanding of these risks and uncertainties and please see the last page in this presentation for further information about forward-looking statements. Any forward-looking statements made during this presentation speaks only as of the date of this presentation and Ericsson expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them.

IR calendar 2020

Q4 19 Report
January 24

Investor & Analyst briefing ("MWC")
February 24, Webcast

Annual Report
March 3

Annual General Meeting
March 31, Stockholm

Q1 20 Report
April 22

Capital Markets Day
November 10, New York

Q3 20 Report
October 21

Q2 20 Report
July 17

Q1

Q2

Q3

Q4

Agenda – Monday, Feb 24

Welcome and introduction
Peter Nyquist, VP Head of Investor Relations

Ericsson on track
Carl Mellander, CFO

5G
Thomas Norén, Head of 5G Commercialization, Networks

Networks
Fredrik Jejdling, Head of Business Area Networks

Digital Services
Jan Karlsson, Head of Business Area Digital Services

5G in North America
Niklas Heuveldop, Head of Market Area North America

Q&A

Ericsson on track

Carl Mellander
CFO

Ericsson on track

Market Development – RAN market grew by 5%[1] in 2019

— Winning footprint based on technology leadership – market share gains[1] in North America and Europe

— Fundamentals strong in North America – more clarity on the operator merger

Leader in 5G

- 81 commercial 5G agreements – first with commercial 5G live networks in 4 continents
- Leading operators have started to invest in 5G core – Ericsson well positioned

Strong financial performance in 2019

- Operating margin reached 9.7%[2] in FY 2019 – close to 2020 target
- Free cash flow before M&A of SEK 17.7 b.[2] (4.3)

5G grows faster than initially anticipated

5G still in early stages

5G Momentum
—Faster than originally anticipated

5G Forecasts
—55-65%[1] world population coverage by 2025
—~1/3[1] of all mobile subscriptions by 2025

5G Use Cases
—Digitalizing the Enterprise to enable new revenue pools for operators in consumer and business segments
—Extended investment phases to cover additional needs in IoT and Industry 4.0

Dell'Oro 5G market estimates

Estimated 5G RAN revenues
[USD b.]

■ January 2018   ■ January 2019   ■ January 2020
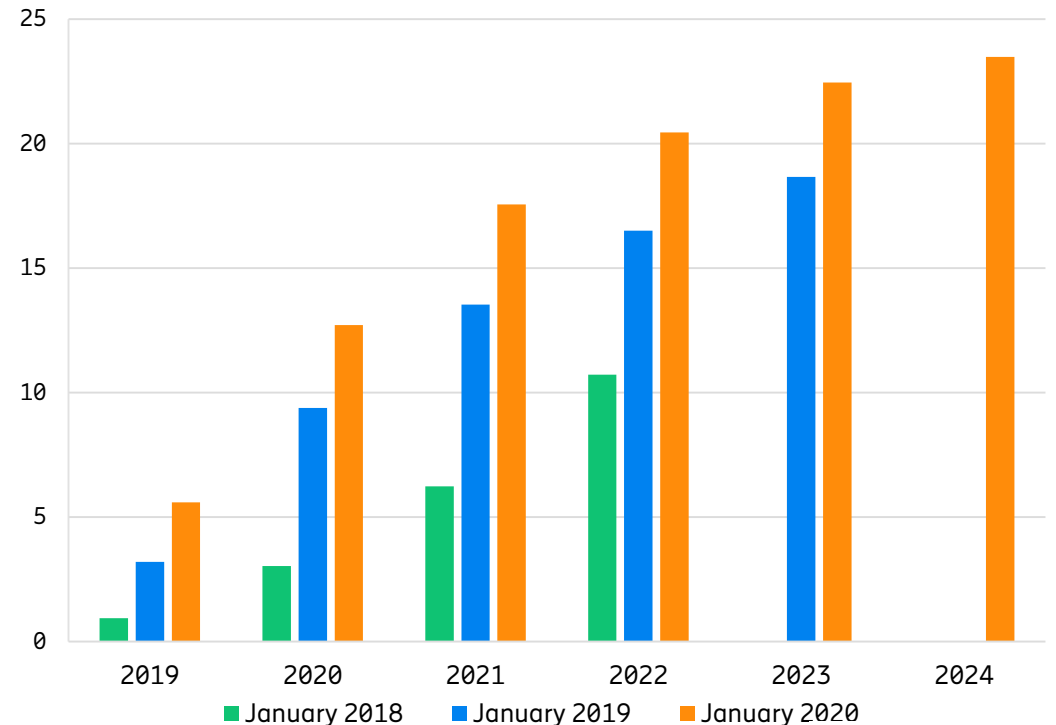
Source: Dell'Oro

[1] Source: Ericsson Mobility Report

This slide contains forward-looking statements. Actual result may be materially different. See the last page in this presentation for further information about forward-looking statements

RAN market share development

Market update

North America – #1
- Grew with all major operators in 2019
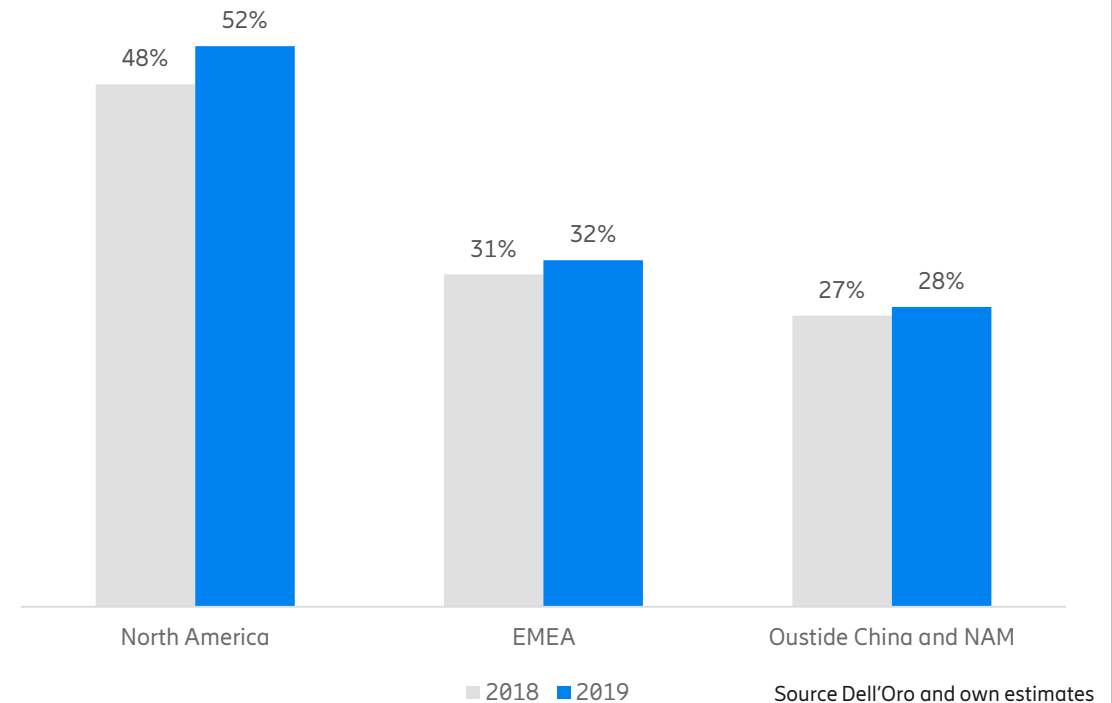
Europe – first with 5G
- 5G live with Vodafone in London
- 5G with Telia and Telenor in Norway
- Swisscom first with 5G commercial network

MEA – Q419 market share 37% (30% Q418)
- 5G with STC in Saudi Arabia
- 5G with MTN in South Africa
- 5G with Etisalat in UAE

Market share outside China and North America increased to 33% in Q4 2019 from 27% in Q3
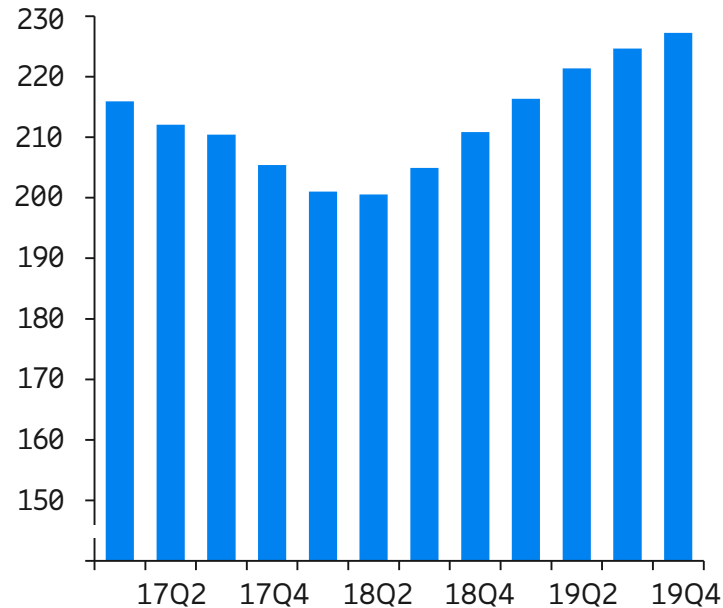
Ericsson RAN market shares

	North America	EMEA	Oustide China and NAM
2018	48%	31%	27%
2019	52%	32%	28%

Source Dell'Oro and own estimates

Technology leadership drives market share growth

Robust financial performance since 2017
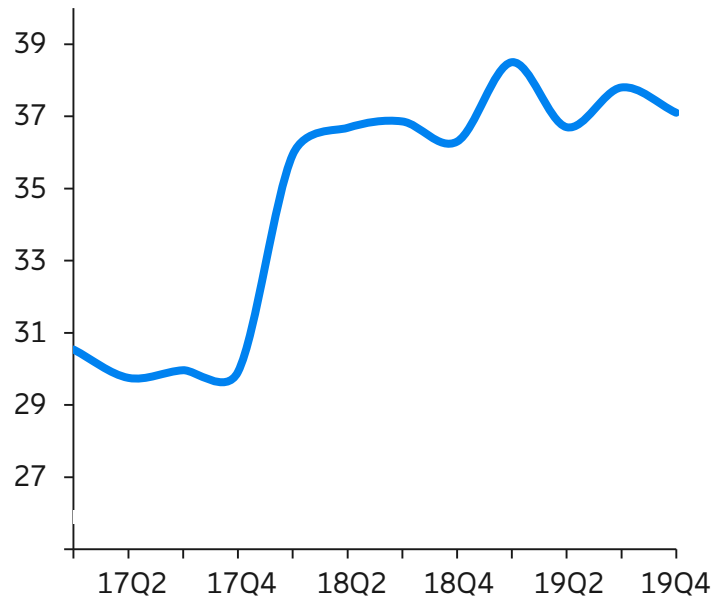
Net sales
(SEK b. − Rolling 4Q)

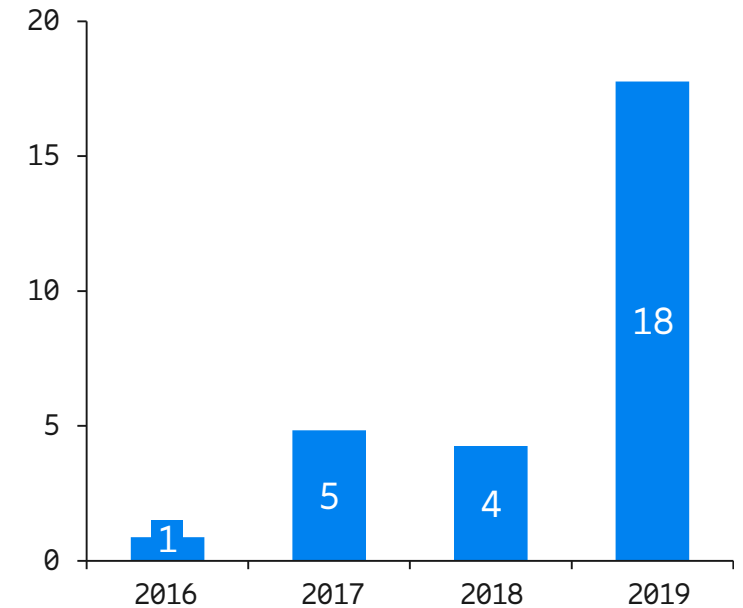**Six quarters of organic growth**

Underlying gross margin[1]
(% − quarterly)

R&D investments drive gross margin

Free cash flow before M&A[2]
(SEK b. − FY)

Solid working capital improvement

Financial ambition and target 2020

| SEK 230 − 240 b. | 37-39 %[1] Op. margin >10 %[1] | Strong |

[1] Excluding restructuring charges and costs for revised BSS strategy in 2018 Q4. 2017 excludes extraordinary items and is not restated for IFRS 15.
[2] Free cash flow before M&A excludes 10.1b cash outflow due to SEC/DOJ fine
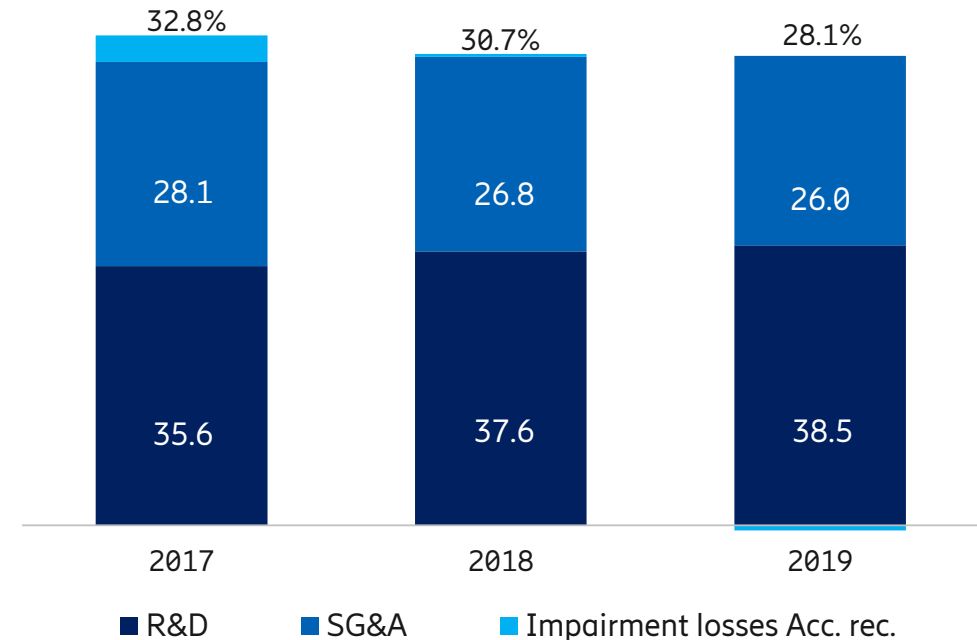
Value creation in focus

R&D investments focused on long-term value creation

—Strong R&D is fundamental for developing new products and technology leadership (incl. Kathrein)
—R&D in two dimensions — maintain current business and investing for future growth

Increased opex in other areas to strengthen Ericsson

—**Digitalization** to achieve next level of efficiencies
—**Compliance** through stronger processes
—**Security** for product and enterprise

% Opex/sales (FY) and Opex in SEK b.

	2017	2018	2019
% Opex/sales	32.8%	30.7%	28.1%
SG&A	28.1	26.8	26.0
R&D	35.6	37.6	38.5

■ R&D   ■ SG&A   ■ Impairment losses Acc. rec.

Value creation through increased investments, primarily in R&D

R&D investments to drive long-term sales and margin

The focused business strategy

- Investments in R&D to retain and extend technology and cost leadership and stay competitive

- R&D fundamental to increasing market share

- Organic sales growth for six consecutive quarters

- GM improvement to a high degree driven by earlier investments in Ericsson Radio System (ERS)

- Between 17Q1 and 19Q4 rolling 4Q:
  - Added SEK ~8 b. R&D[1], incl. net of R&D capitalization
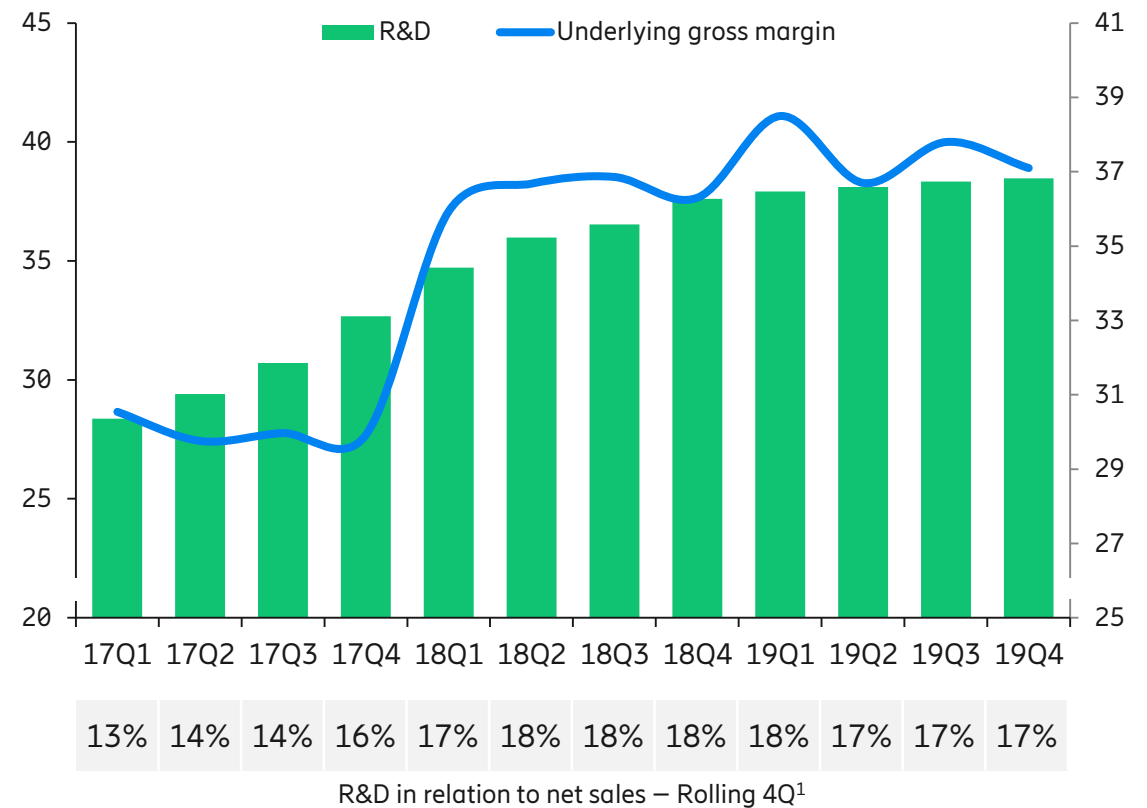 - Gross income improved SEK ~19 b.[2]

R&D adds value through sales and gross margin expansion

R&D[1] and underlying gross margin[2]
(SEK b. − Rolling 4Q)   (% − quarterly)

	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4
	13%	14%	14%	16%	17%	18%	18%	18%	18%	17%	17%	17%

R&D in relation to net sales − Rolling 4Q[1]

[1] R&D excludes restructuring charges. 2017 excludes extraordinary items and is not restated for IFRS 15.
[2] Gross margin excluding restructuring charges and costs for revised BSS strategy in 2018 Q4. 2017 excludes extraordinary items and is not restated for IFRS 15.

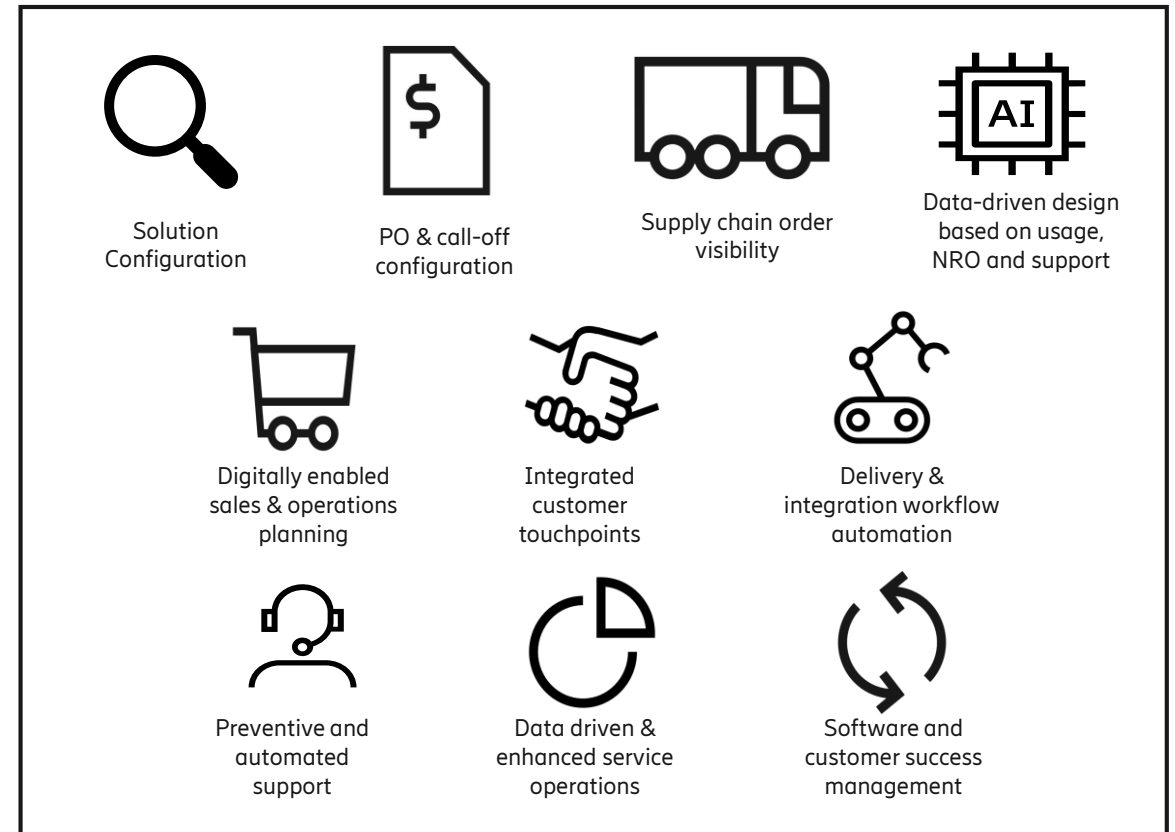# Digitalization to achieve next level of efficiencies

Simplified and faster interaction with customers and suppliers

10 projects defined, including
—Supply flow order tracking for customers
—Preventive and automated customer support
—Automated handling of recurring billing

Investing SEK 0.5 -1 b. per year until 2022
—Level depending on scope and feasibility of projects
—Expect payback time of 1-3 years
—Benefits starting in 2021

Solution Configuration

PO & call-off configuration

Supply chain order visibility

Data-driven design based on usage, NRO and support

Digitally enabled sales & operations planning

Integrated customer touchpoints

Delivery & integration workflow automation

Preventive and automated support

Data driven & enhanced service operations

Software and customer success management

Operational efficiency end-to-end – increase sales, income and cash flow

Journey to strengthen focus on long-term value creation

Foundation developed ✓

- ✓ Focused on **long-term profitability** through financial targets settings – 2020 and 2022

- ✓ Moved focus towards drivers impacting **Cash-Flow** – Working Capital

- ✓ **Economic Profit** as an internal performance metric – to capture the capital invested

Ongoing initiatives

- Strengthening the focus on value creation in **strategic decision-making**:
  - Increased focus on **cash flow**
  - Always comparing **options**
  - Strengthened **risk analysis**
  - Improved **decision accountability** and follow-up mechanisms

- Enhancing **operational decision processes** to ensure increased focus on value creation

Ultimate ambition

- Value creation mindset embedded into Ericsson´s **company culture**

- **Incentives** based on long-term value creation

- **Improved transparency** on portfolio performance and ability to **discontinue underperforming activities** to more effectively **(re-) allocate resources** between businesses

Better 5G in a Better Way

Thomas Noren
Head of 5G Commercialization

Agenda

5G adoption

Technology re-cap

Smart CAPEX: Core and Radio Migration

Agenda

5G adoption

Technology re-cap

Smart CAPEX: Core and Radio Migration
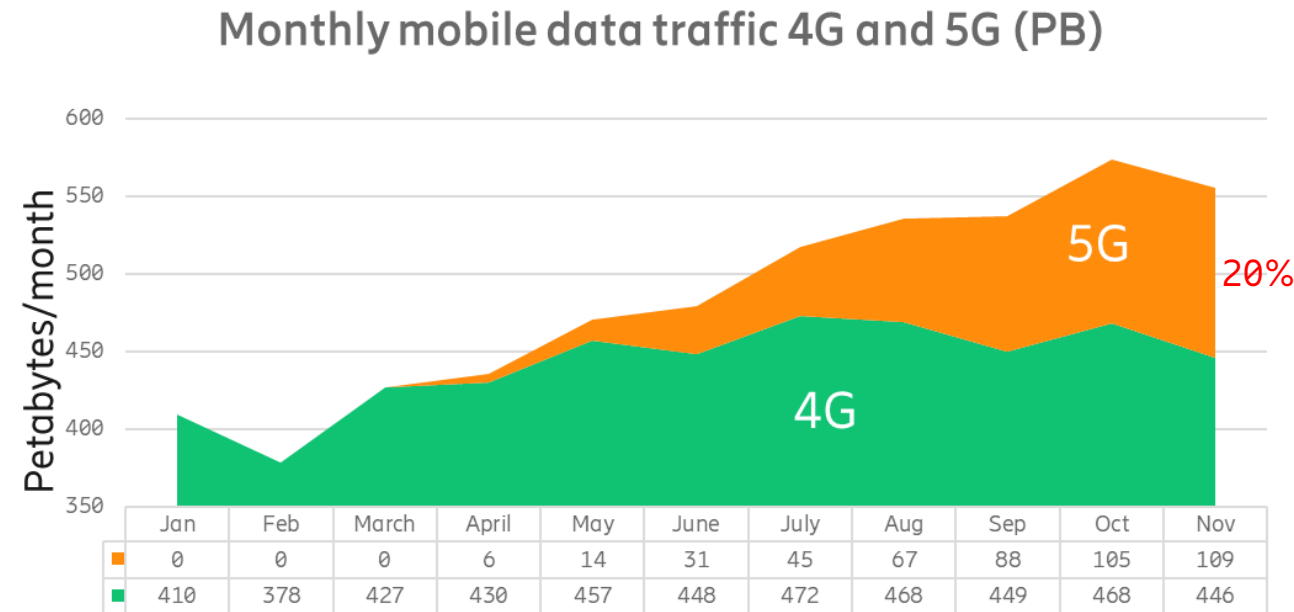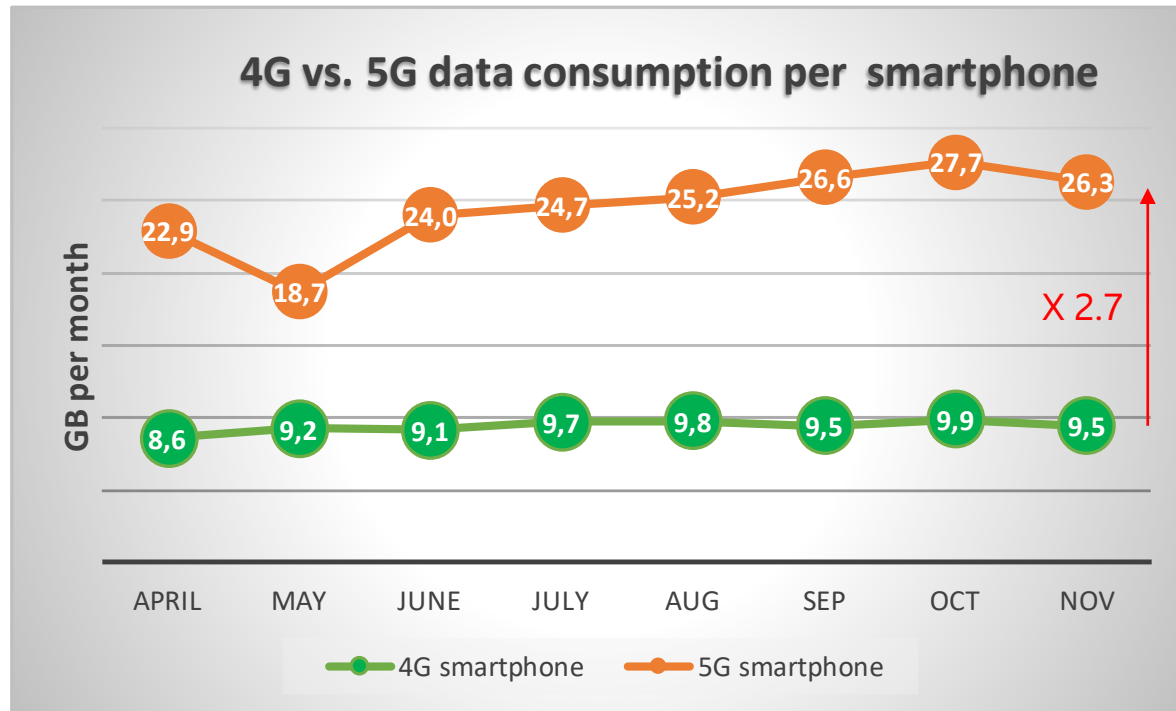
First with commercial 5G live

25 Live networks
- High Bands
- Mid Bands
- Low Bands
- 4 continents

81 commercial 5G agreements

Live — Elisa

Live — eir
Vodafone Ireland

Live — O2 UK
Vodafone UK

Live — Vodafone Germany
Live — Swisscom

Live — DiGi Romania
Orange Romania — Live

Live — TIM Italy
Live

T-Mobile
Live — Sprint

Verizon
Live — AT&T
Live

Live — Vodafone Spain

Live — Batelco
Live — Ooredoo
STC — Etisalat
Live — Live

Live — LG U+
SK Telecom — Live — KT
Live

Live — Telstra

Live — Optus

*As of Jan 13, 2020

Korea LTE vs. 5G Traffic

4G vs. 5G data consumption per smartphone

GB per month

Month	4G smartphone	5G smartphone
APRIL	8,6	22,9
MAY	9,2	18,7
JUNE	9,1	24,0
JULY	9,7	24,7
AUG	9,8	25,2
SEP	9,5	26,6
OCT	9,9	27,7
NOV	9,5	26,3

X 2.7

— 4G smartphone — 5G smartphone

Monthly mobile data traffic 4G and 5G (PB)

Petabytes/month

5G

4G

20%

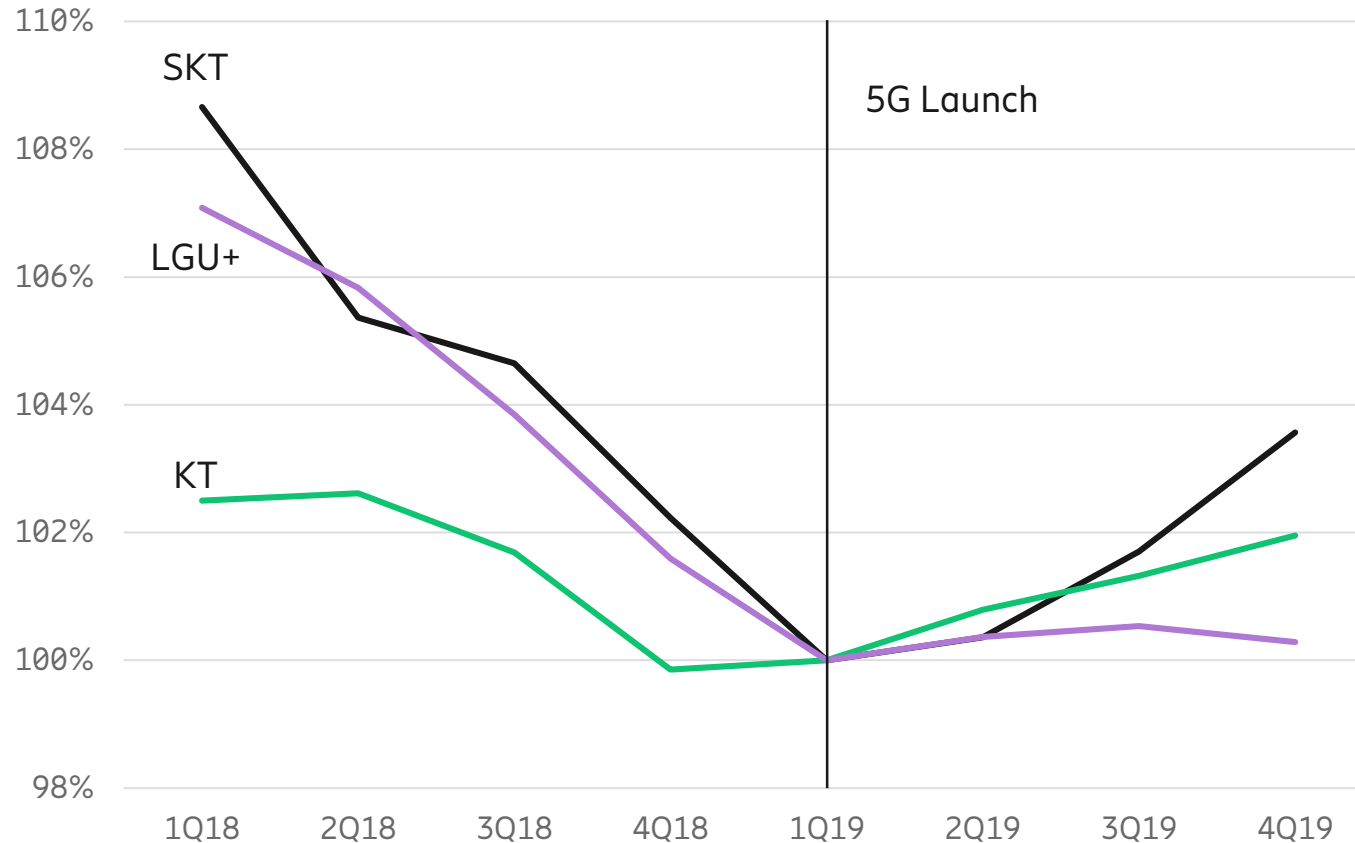|	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov
🟧	0	0	0	6	14	31	45	67	88	105	109
🟩	410	378	427	430	457	448	472	468	449	468	446

Source: Ministry of Science and IT Korea

5G launch reverted ARPU decline trend in Korea

**Monthly ARPU Evolution for Korean Operators**
(ARPU 1Q19 indexed 100%)

— 50% of operators are charging a premium of 5G over 4G

— ConsumerLab survey showing consumers willing to pay 20% premium for 5G

— Korean operators charging over 10% premium for 5G offerings

— 5G penetration reached 7% in Korea by end of 2019

Operator ARPU levels likely to increase as 5G subscriber penetration grows in 2020

Swisscom 5G
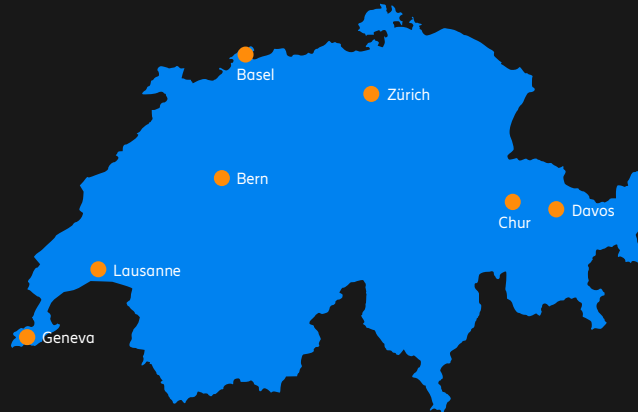
1. Network solution
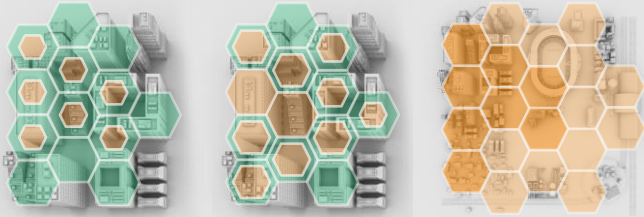
RAN **Core** **Transport**

End-to-end solution including RAN, Core and Transport

5G FDD **Spectrum Sharing**

Unique features to enable nation wide coverage

2. Deployment strategy

— Go live with its 5G network across 102 locations in the first 54 towns

— Quickly expand in the major cities, tourist areas and across the countryside

— 90 percent population coverage by the end of 2019

3. Service offering

| Be the first operator to offer 5G smartphone to consumer | Top subscriptions include 5G | Promote 5G top speed and nation coverage |

4. Use cases

Premium services with smartphones
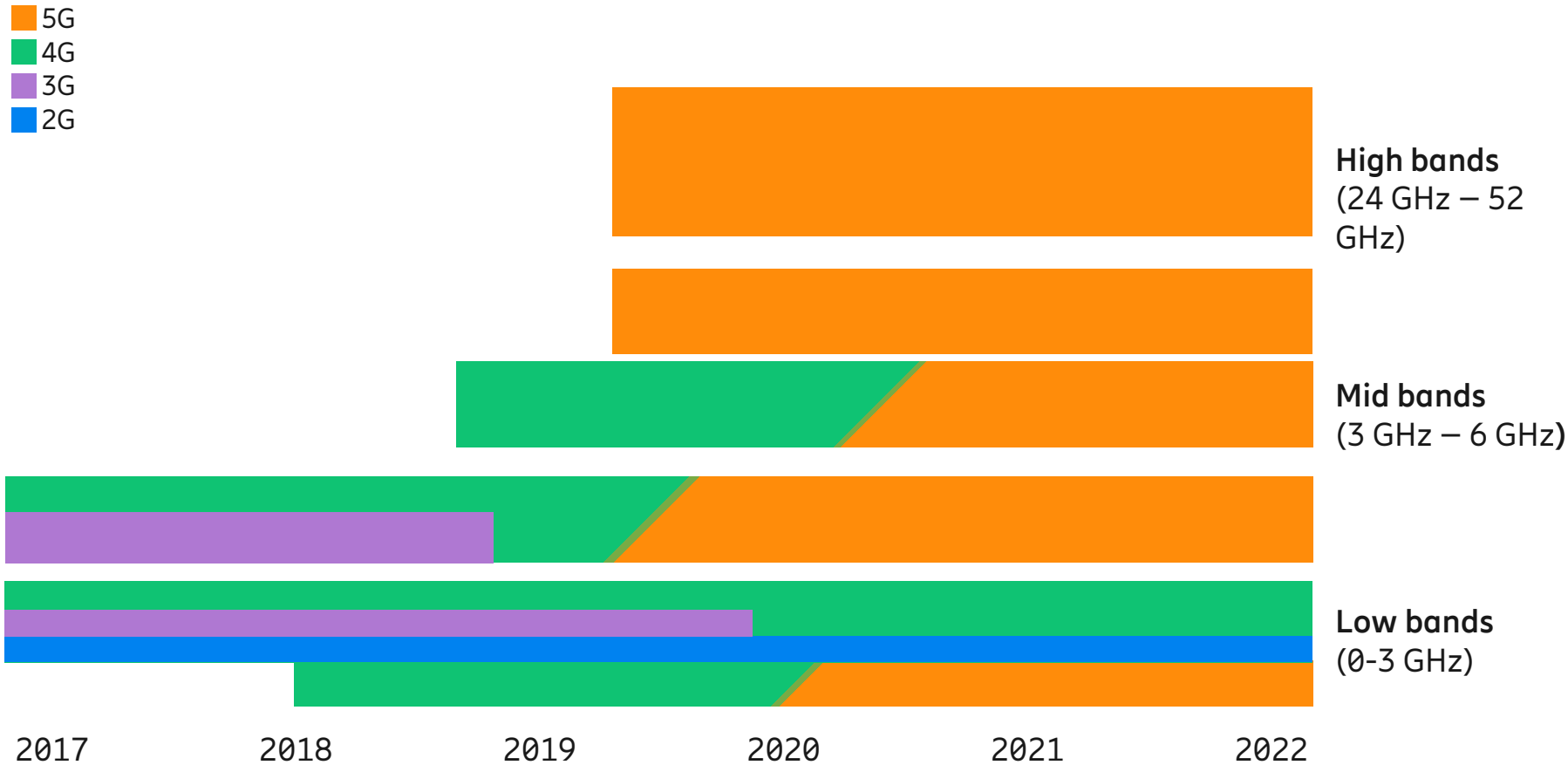

Explore new use cases

Agenda

5G adoption

Technology re-cap

Smart CAPEX: Core and Radio Migration

Spectrum – Deployment and Technologies

Legend:
- 5G (orange)
- 4G (green)
- 3G (purple)
- 2G (blue)

High bands (24 GHz – 52 GHz)

Mid bands (3 GHz – 6 GHz)

Low bands (0-3 GHz)

Timeline: 2017, 2018, 2019, 2020, 2021, 2022

Deployment drivers
- Local Area Capacity
- Throughput
- Wide Area capacity
- Coverage

Technology drivers
- Beam-forming Integration
- Massive MIMO
- Multi-Band

Mid Band 5G Radios — Korea example

AIR3239 (32TRX)
Compact

Antenna Elements:	128
Antenna Branches:	32T32R
Output Power:	100W
Size:	570x400x150 mm
(band depended)	

AIR6488 (64TRX)
Extreme Capacity

Antenna Elements:	128
Antenna Branches:	64T64R
Output Power:	200W
Size:	800x400x150 mm
(band depended)	

Radio 4422 (4T4R)
Coverage

Antenna:	Regular macro
Antenna Branches:	4T4R
Output Power:	160W
Size:	16 liter

Ericsson superior Massive MIMO architecture

Superior architecture

EMCA
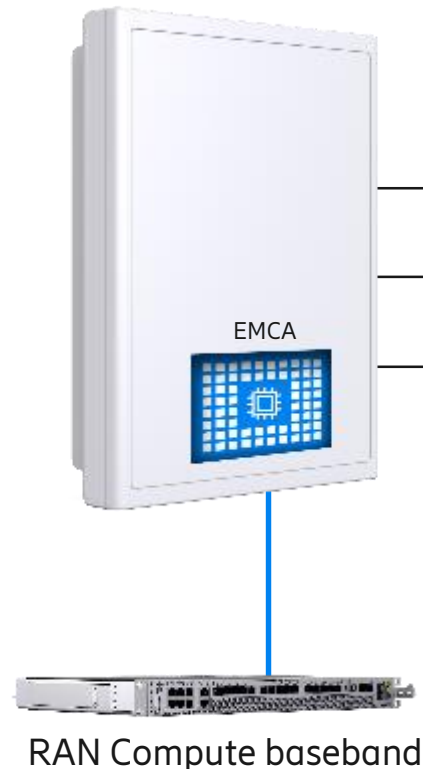
- DL beamforming
- Custom silicon
- Full receiver

RAN Compute baseband

Unique advantages

Fronthaul efficiency
- Scales with user data

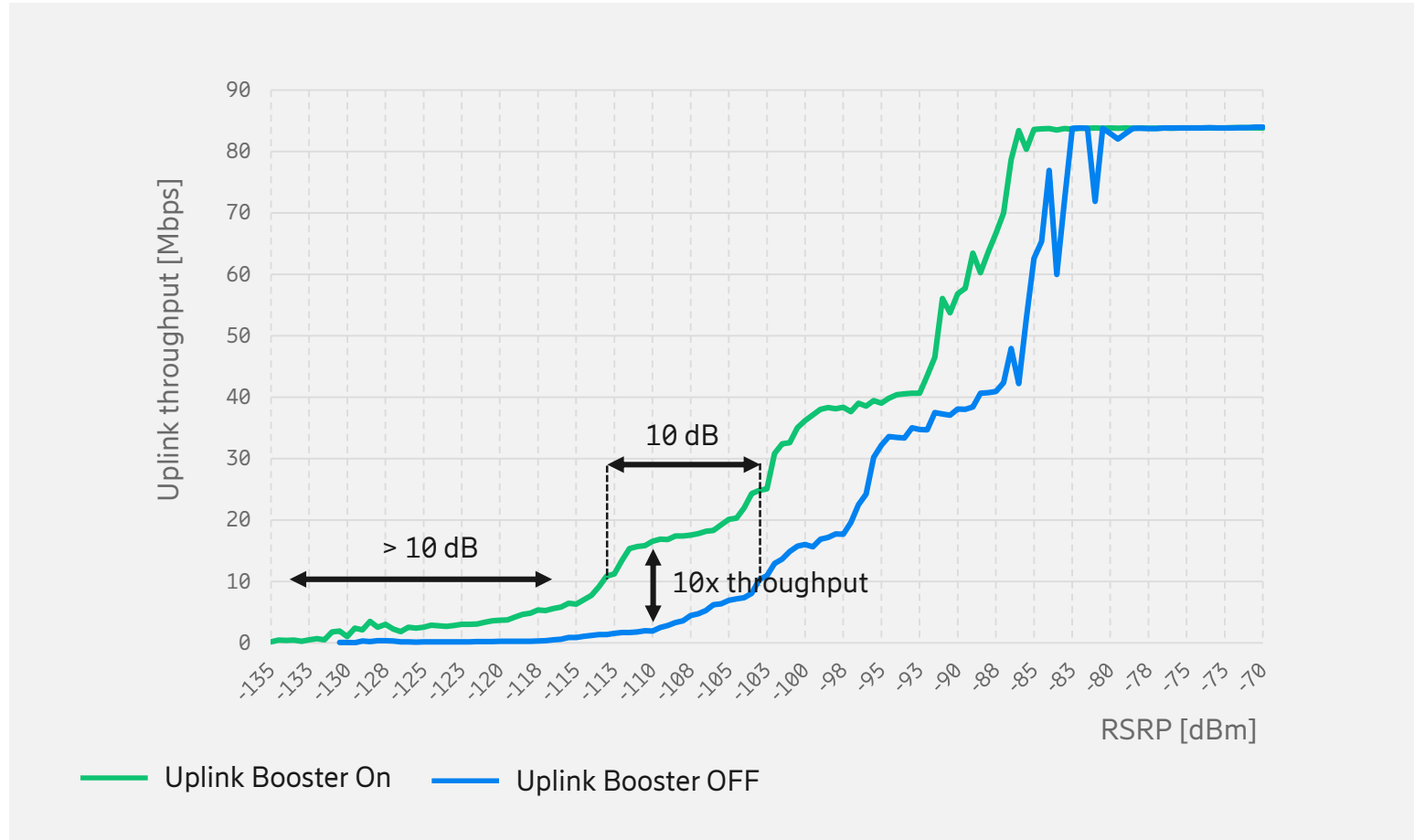**Industry-leading energy efficiency**

Ericsson Uplink Booster
- Extreme receiver resolution
- Full interference rejection

Superior in mobility

+90% user app coverage

10x
cell-edge uplink speed

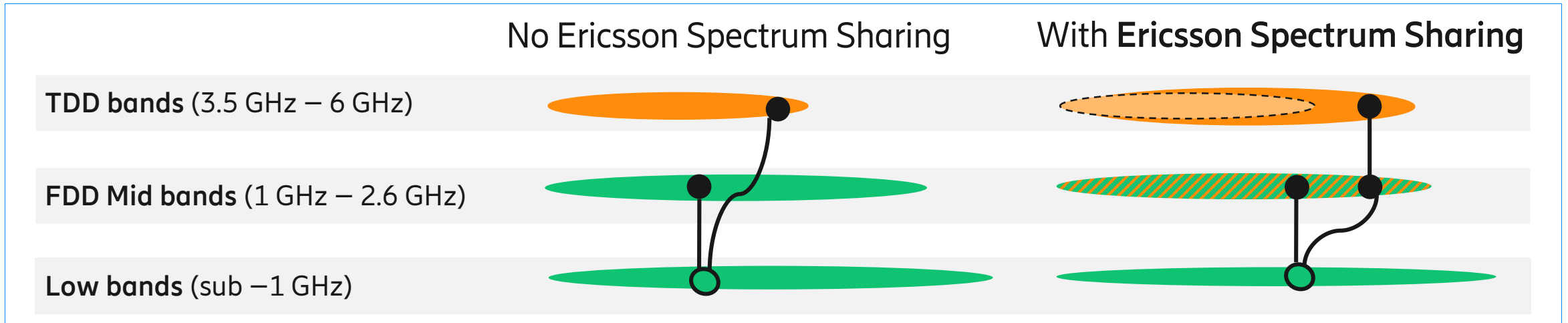# Ericsson Uplink Booster

Maximize uplink MIMO performance through zero-compromise architecture

5G investment strategy – leverage your assets

■ 4G ■ 5G ▨ 4G/5G spectrum sharing

	No Ericsson Spectrum Sharing	With **Ericsson Spectrum Sharing**
TDD bands (3.5 GHz – 6 GHz)		
FDD Mid bands (1 GHz – 2.6 GHz)		
Low bands (sub –1 GHz)		

Lowest network cost	**Higher DL Speed and Capacity**	**Standalone Ready**
Lower band and CA with FDD bands	3.5GHz BW available to more UE's	SA low latency and Services

Full support for standalone
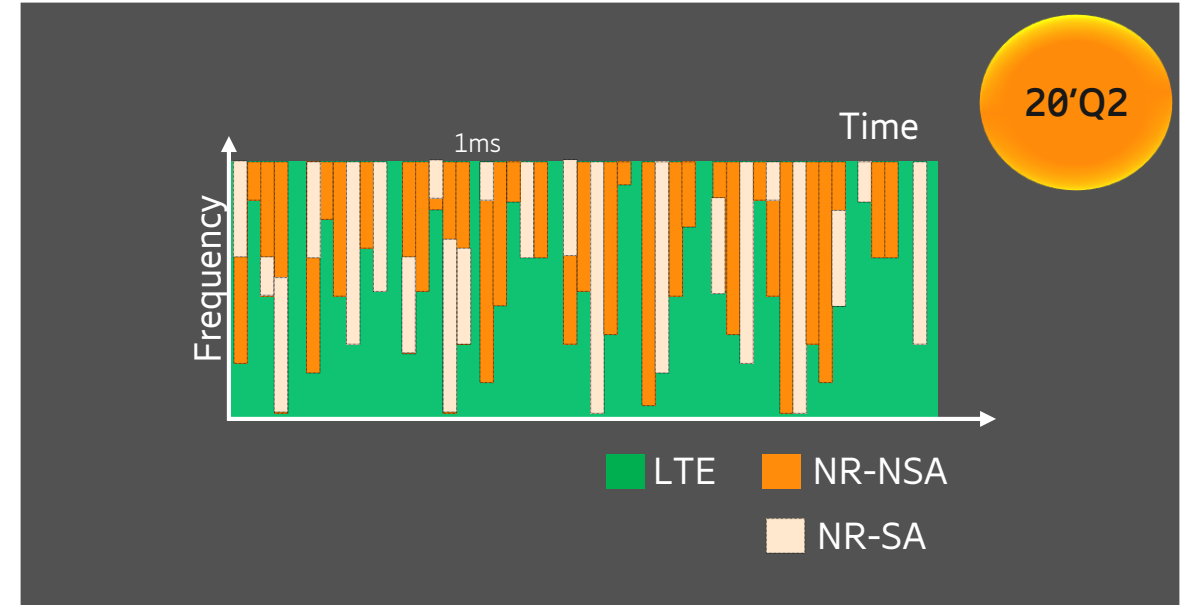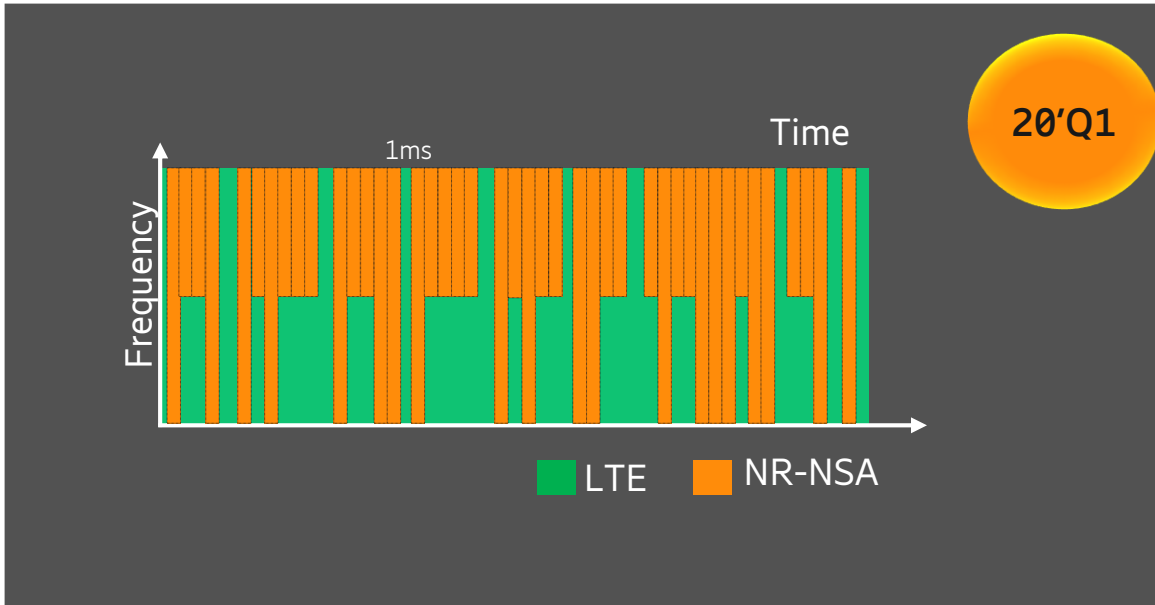
- SW on Ericsson Radio System HW

- Dynamic sharing betwen 4G and 5G Non-standalone

- Time allocation granularity on **1ms**

- SW package on installed base

- Instant sharing between 4G, 5G Non-standalone and 5G standalone

- NR-SA and NR-NSA UEs will co-exist with LTE

Why 5G Core and standalone NR?

Enhanced Network Slicing support

Service Based Architecture for agility

Less complex RAN & UE architecture

Target architecture for new use cases and innovation

User experience

New opportunity

Standalone NR
Throughput comparison SA/NSA/LTE

— Fast access to download data

— RRC inactive allow for fast access to RRC connect

— Faster access to higher data rates

— Clear advantage starting at midband with high bandwidth

— Carrier aggregation to boost throughput

— Dual connectivity to combine FR1 and FR2

Max throughput from idle

FR1-FR2 DC

CA

Initial access

25   150   ms

— SA   — NSA   — LTE
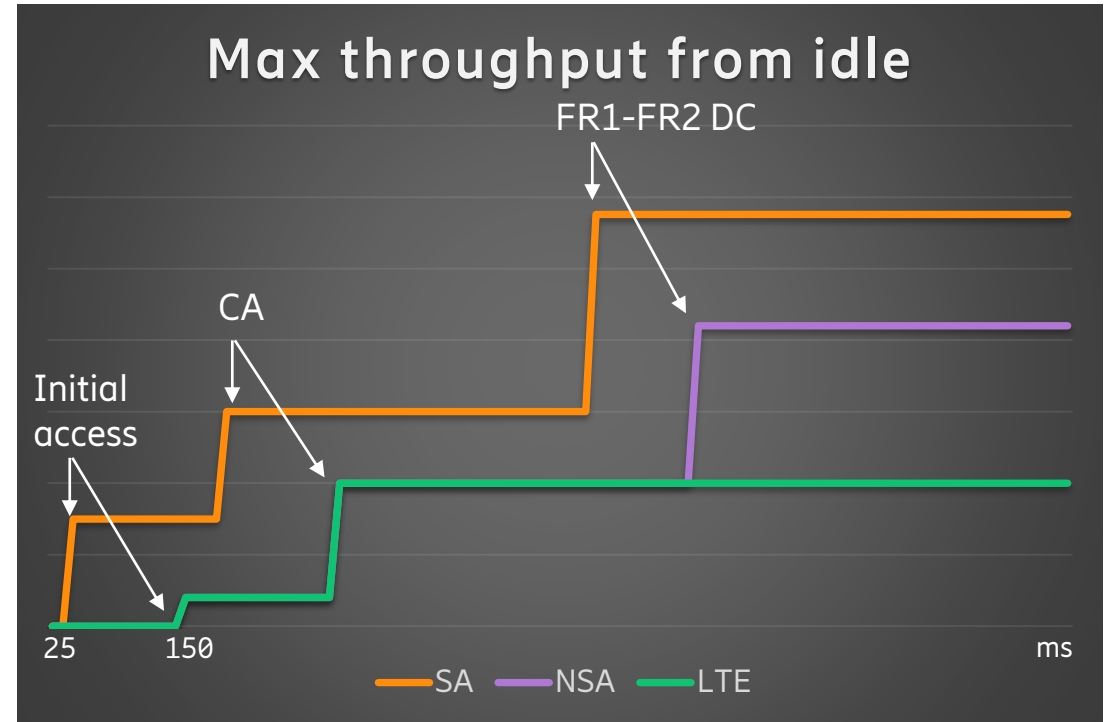
Fast access to large bandwidth is a key differentiator in SA

Scenario: Unloaded LTE - 5x20MHz FDD - 200MHz midband spectrum - 800 MHz mmW

Ericsson's dual-mode 5G Core

One Core network

Dual-mode 5G Core

EPC   5GC
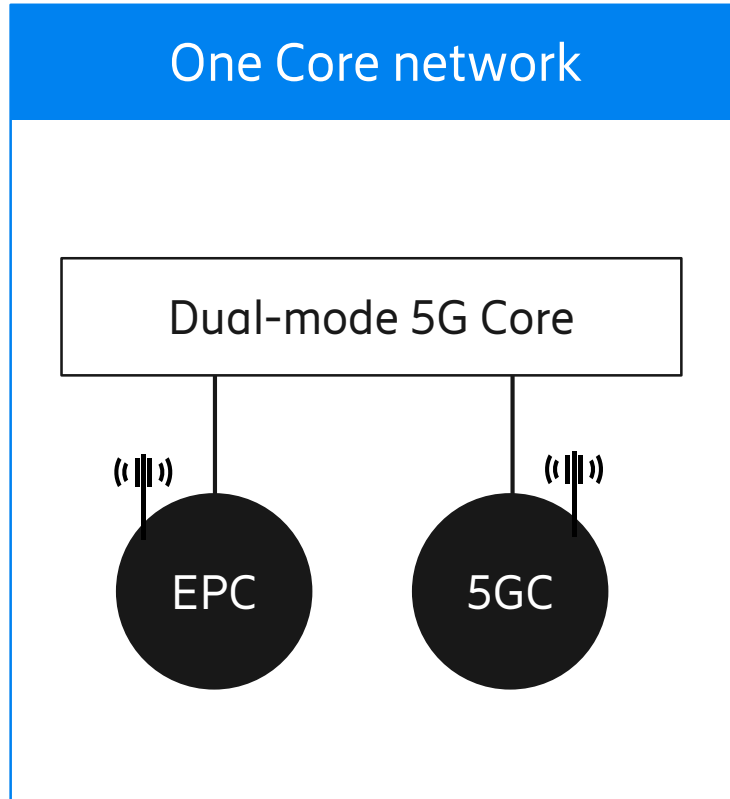
Manage growth with CAPEX efficiency

Cloud native

Microservices   Automation

Continuous SW Delivery   Core exposure

APIs
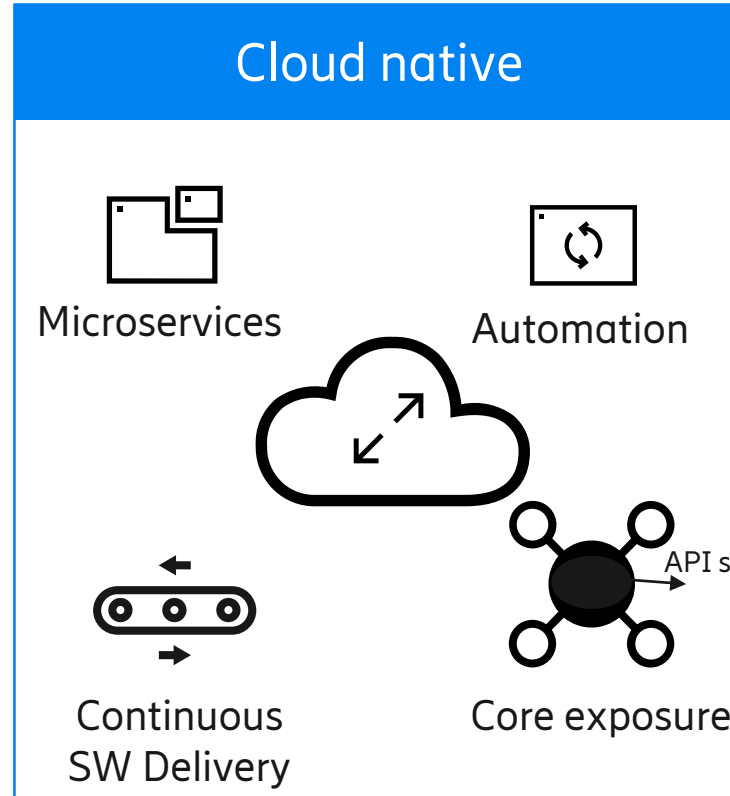
Reduce OPEX and open for new service creation

Highest UP performance

Gbps/Server

Ericsson   Vendor B   Vendor C
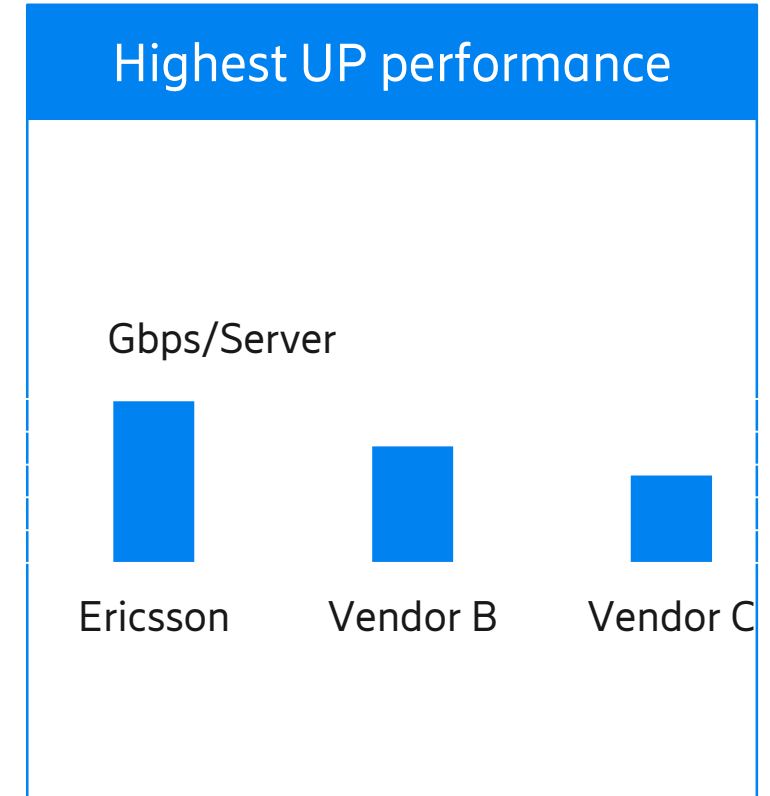
Superior performance on virtual S/PGW

Switching on AI in networks

Advanced traffic management
For 5G Plug-Ins and LTE RAN

5G aware traffic management

Evolved load balancing at release

f2

f1

f3
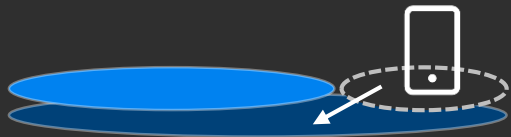
25%
better 5G coverage
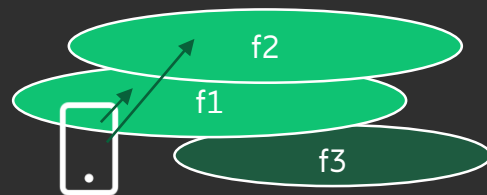
Evolved carrier optimization
For LTE RAN

Uplink traffic triggered mobility

Traffic aware carrier aggregation

Downlink heavy

Uplink heavy
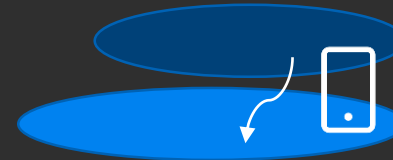
4x
more uplink capacity

Agenda

5G adoption

Technology re-cap

Smart CAPEX: Core and Radio Migration

Typical network today

4G
3G
2G

High FDD

Low FDD

Dense Urban

Rural

Two Approaches to build 5G

Traditional – High CAPEX

Today ⟩⟩⟩ Tomorrow ⟩⟩⟩ Ultimate

5G
4G
3G
2G
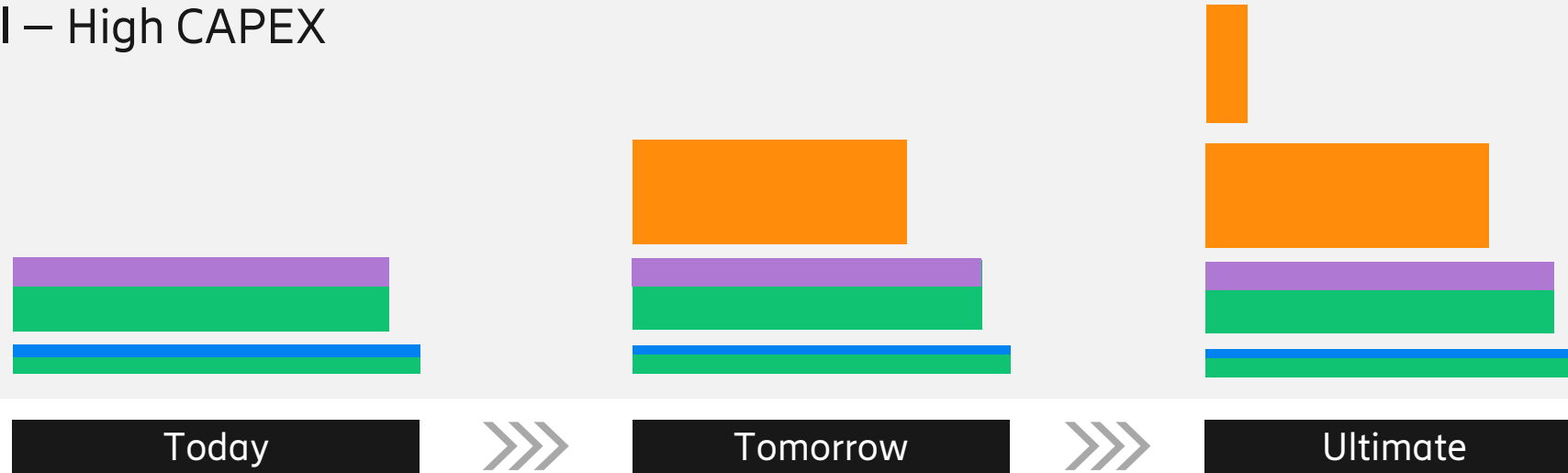
Two Approaches to build 5G

Traditional – High CAPEX

New – Smart CAPEX

Today ⟫ Tomorrow ⟫ Ultimate

Dense Urban   Rural

4G   5G   4G/5G spectrum sharing
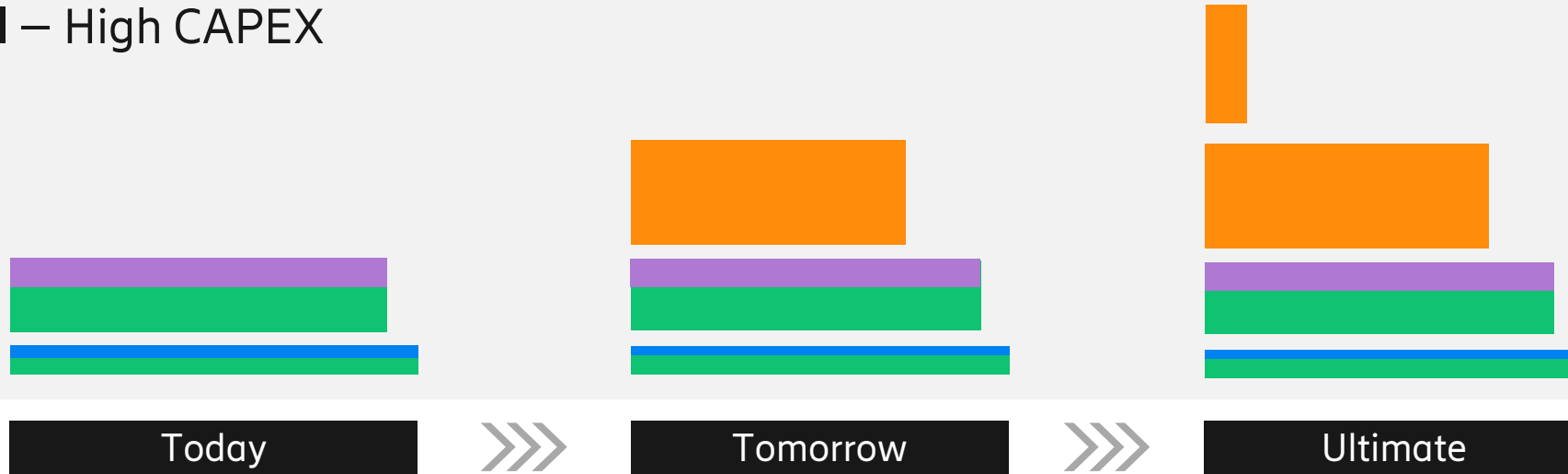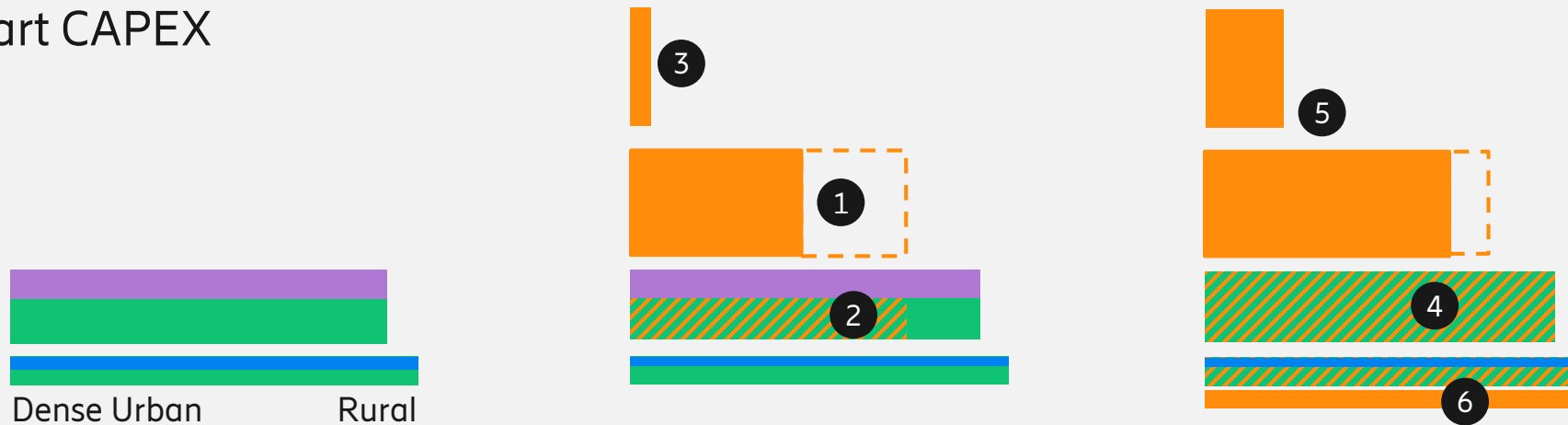
Alternatives for non-Ericsson RAN

Frequency bands

	Baseline	Alternative A* Modernize 4G + 5G	Alternative B* Refarm 2G/3G + 5G	Ultimate	
High					28 GHz
Mid (new)					3.5 GHz
Mid (existing)					2.1 GHz 1.8 GHz
Low					900 MHz 800 MHz 700 MHz

On-going site modernization
— Baseband capacity
— 2T1R to 4T4R
— Singel Band to Multi Band radios
— Antenna modernization

Legend:
■ 2G; 3G ■ 4G ■ 5G ■ 4G+5G Spectrum Sharing   Dual Connectivity   Carrier Aggregation
■ 3rd Party Product

* Alternatives: Operator dependent; can be mixed; other alternatives can be considered

Live Elisa

Live Vodafone UK

Live Vodafone Ireland

Vodafone Germany **Live**

DiGi Romania **Live**

Live T-Mobile

Sprint **Live**

Verizon

AT&T **Live**

Live Swisscom

Live Vodafone Spain

TIM Italy **Live**

Live Batelco

Ooredoo **Live**

STC

Etisalat **Live**

Live

Live LGU+

SK Telecom **Live**

KT **Live**

Live Telstra

| 5G is here | Smart CAPEX and AI | More for more |
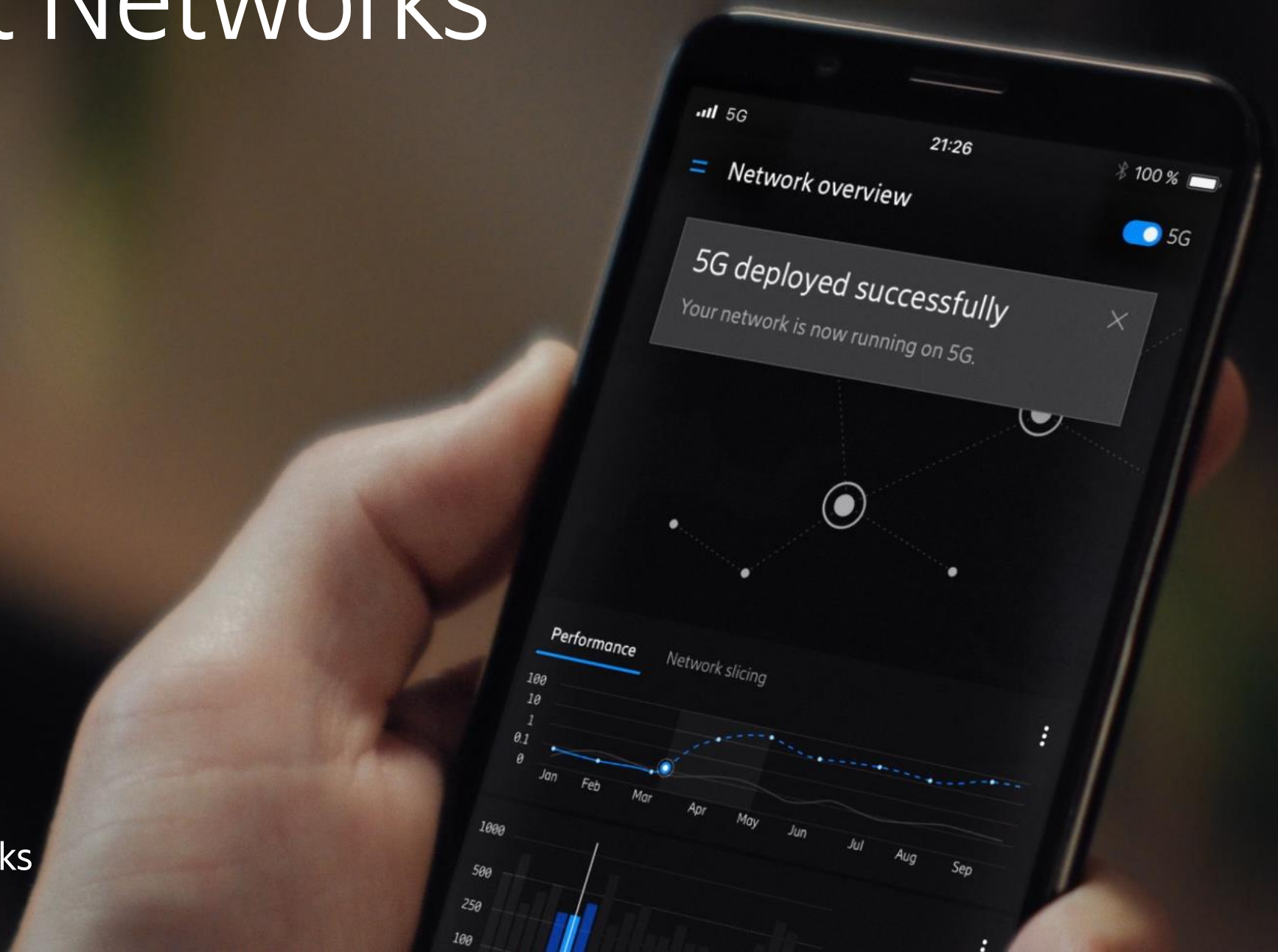
Agenda

Market update

Networks update

Agenda

Market update

Networks update

2019: 5G took off

13M subscriptions

High-end smartphones and pocket routers; ~USD 1,000

Coverage in major cities and highly populated areas by early movers

Smartphone-driven use cases

Non-standalone 5G; in one band

2020: 5G to scale up

13M subscriptions	High-end smartphones and pocket routers; ~USD 1,000	Coverage in major cities and highly populated areas by early movers	Smartphone-driven use cases	Non-standalone 5G; in one band
100M Subscriptions*	High-end smartphones, volume devices and mid-tier smartphones <USD 300	Wide 5G coverage by early movers; 20-25% operators* to launch 5G	Consumer service bundling; trials continue for industries	Standalone 5G introduced; 5G in multiple bands

* Ericsson Mobility Report Nov 2019

* Ericsson analysis

Ericsson leading 5G today

First with commercial 5G live networks in 4 continents: Americas, Europe, Asia and Oceania

81
commercial 5G agreements

Commercial 5G agreements or contracts with unique operators, 25 live networks

40+
commercial devices

Widest ecosystem of supported devices on 5G live networks

65%
of 5G US city deployments

We are leading 5G city deployment in mid and high band in US

90%
Nationwide coverage

Swisscom achieves nationwide coverage with Spectrum Sharing and 5G low band

Agenda

Market update

Networks update

Networks

Segment Networks — Financial performance

Excluding restructuring charges

SEK b.	2017	2018	2019	2020 Outlook
Net sales	132,3	138,6	155,0	160-164
Gross margin	35,2%	40,8%	41,8%	
Operating income	15,3	21,2	24,8	
Operating margin	11,6%	15,3%	16,0%	15-17%
Capitalization impact	-0,6	0,4	1,2	0,3

BSEK

Chart showing Net Sales, OI, and GM% for 2017 (132, 12%, 35%), 2018 (139, 15%, 41%), 2019 (155, 16%, 42%), 2020 Outlook (160-164, 15-17%).

Legend: Net Sales | OI | GM%
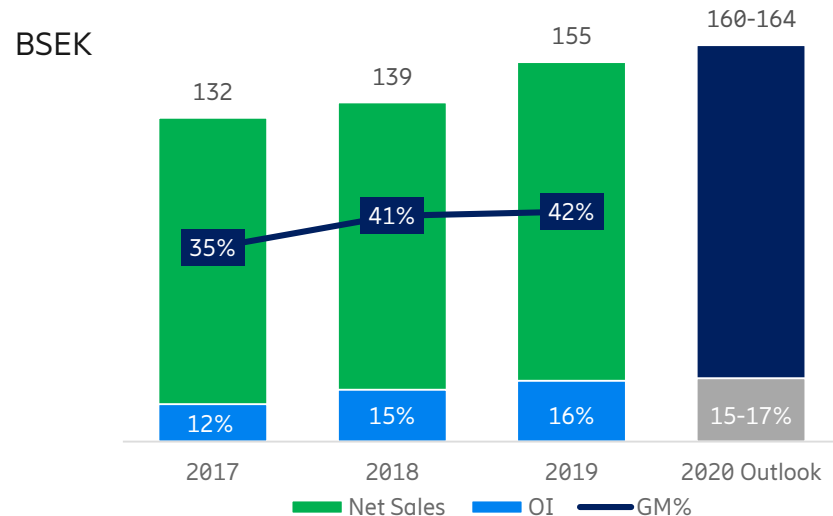
— Organic sales +6%
- Growth driven by LTE and 5G investments
- The sales increase was primarily in the US, South Korea, Italy, Germany and Saudi Arabia

— Gross margin increased to 41.8%
- Impact of strategic contracts and Kathrein, offset by operating leverage
- Lower restructuring charges in 2019 contributed positively

— Operating income increased to 24.8 SEK b
- Higher sales and gross margin partly offset by increased operating expenses
  - Higher investments in R&D to strengthen the technology leadership and increased investments in digital transformation, compliance and security
- Lower restructuring charges had a positive impact

Focused strategy execution for Networks

Invest in technology and cost leadership

Selective market expansion based on technology and cost competitiveness

Acceleration of 5G with lead customers

Talent transformation
— 6 500 R&D engineers hired since Q1 17
— 3 500 service engineers left

Technology leadership
— 100 radios planned for 2020
— Spectrum sharing over live 5G commercial networks
— 5G Stand-Alone end-to-end data call

Market share
— From 28.8 % Q4 18 to 29.1% Q4 19
— Key deals with Verizon, Softbank, Optus

Q4'19 results[1]
— Net sales +7%
— Gross margin +1.2pp

1. Compared to Q4'18

Accelerating our strategy execution

Execution Workstreams

Objectives

Win the Technology Race

Industry leadership through meeting customer demands, keeping focus on cost and investing in long term leadership

World Class Development

Master the complexity and reinvent scale in the portfolio, exceeding customer demands efficiently with quality and speed

Next-Gen Supply & Services

Create a customer-centric, predictable, automated supply & service delivery chain, reducing lead time by half, enabling higher quality delivery at competitive cost

Compete on Value

Maximize value monetization for Ericsson Networks portfolio

Sourcing Excellence

Create sustainable business value through innovative and competitive supplier ecosystem

Wanted Position 2022+

Technology Leadership
Business Leadership
Commercial leadership

Where we compete

Fixed access

Complement and expand broadband with Fixed Wireless Access (FWA)

Expand in converged transport & mobile backhaul

Invest in existing portfolio and partner

Primary market: Antennas system

KATHREIN

Build capability & competence

Primary focus and market: Radio Access Network

Invest in cost competitiveness, network performance & 5G evolution

Enterprise/Industries/Vertical

Use-case approach with focus on mission critical capabilities

■ Core   ▢ Extend

Key technologies for better 5G

5G-ready radios and basebands	Ericsson Spectrum Sharing (ESS)	Carrier Aggregation (CA)	Dual-mode 5G Core
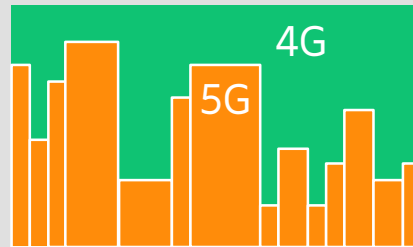
ESS panel: 4G, 5G

CA panel: Mid band, CA, +25%, Low band

Dual-mode panel: Tight interworking, 4G, 5G
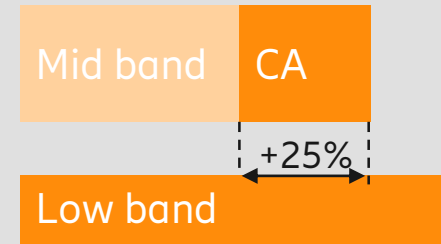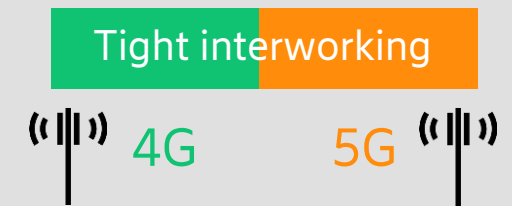
5
million radios

We have shipped 5 million 5G-ready radios since 2015

1ms
spectral efficiency

Dynamic allocation of spectrum between 4G and 5G is the best way to deploy 5G

+25%
better performance

ESS and CA provide 27% extra capacity and 25% better mid band population coverage

5G Standalone
faster introduction

SW migration from non-standalone to standalone in both RAN and core

Ericsson Networks' portfolio strengths

Unique and flexible RAN Compute architecture

Redefining the site, tightly integrated antenna innovations

Modular Ericsson Radio System for all site needs

Intelligent Network Services

A better 5G and beyond
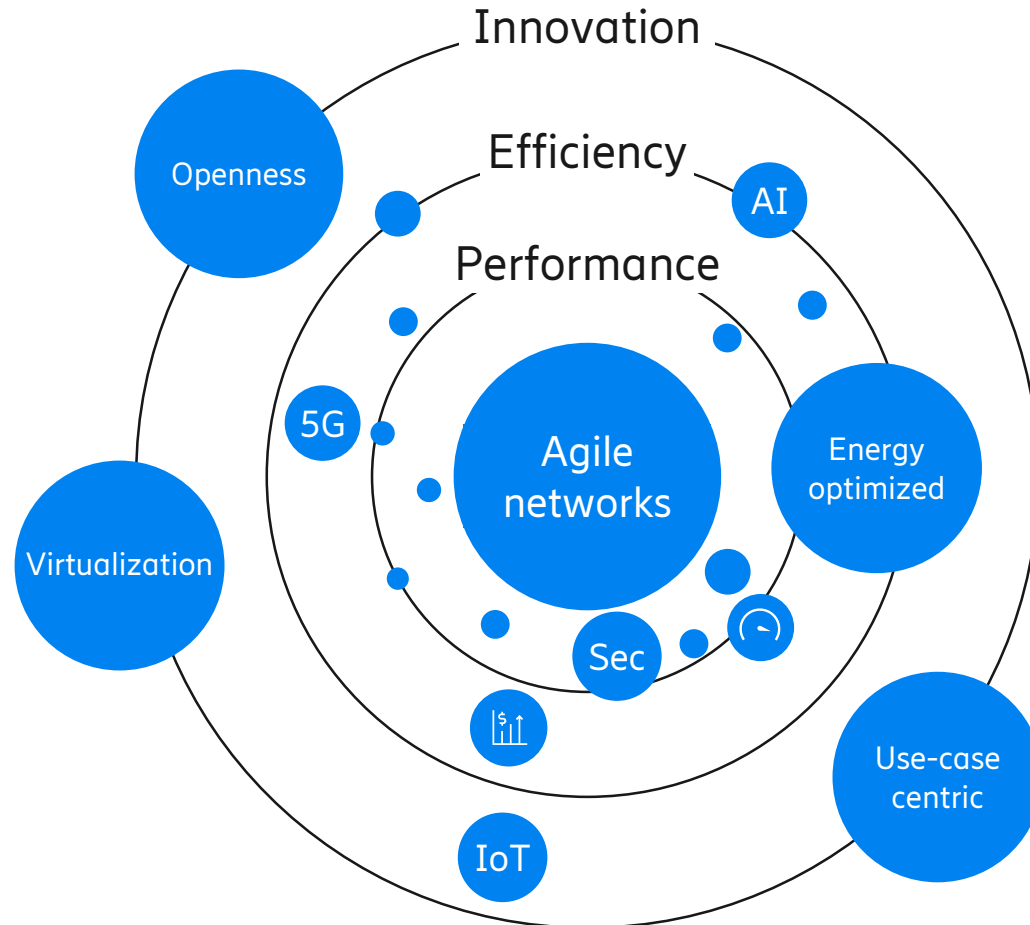
Use-case centric and agile technologies, applied across the ecosystem, will enable faster and targeted innovation for the benefit of the whole industry

Innovation

Efficiency

Performance

Openness

AI

5G

Agile networks

Energy optimized

Virtualization

Sec

Use-case centric

IoT

Digital Services

Jan Karlsson
SVP and Head of Digital Services

What we will focus on today

5G core standalone — 5GC		Cloud native and automation
To fully realize 5G — 5G standalone is next Customers have started to invest in 5GC: the new core network architecture for 5G standalone	⟷	How it will revolutionize the networks and the way we and our customers work
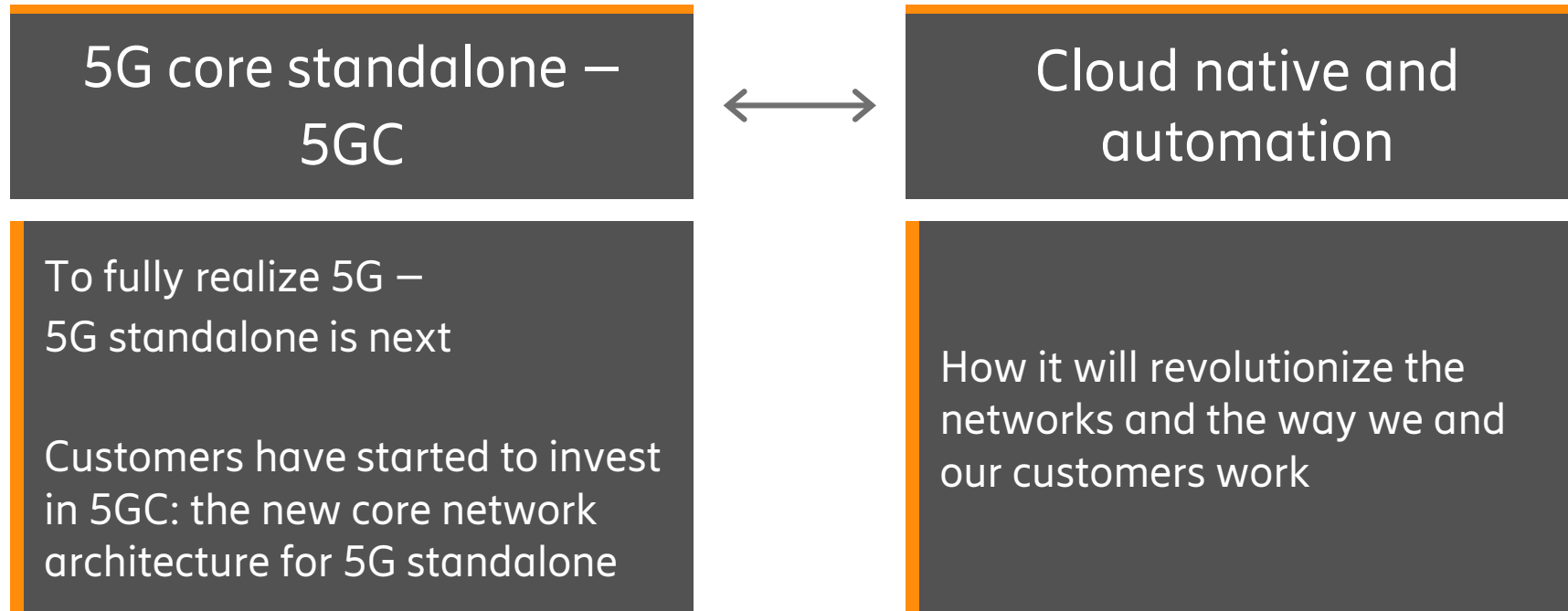
Our transformation journey

Customers	Telecom and non-telecom		CSPs target enterprises more	75% of 45 projects addressed	5GC	Continuous integration and deployment	Technology shift at scale
Portfolio	Unsustainable R&D ratio	Portfolio rationalization / cenx *Part of Ericsson*	Revised BSS strategy	Security	5GC	Cloud native and automation	AI
Commercial	Selective about complex projects	Recurring revenue focus	Disciplined deal qualification	Capture full SW value	Beachhead solution packages		
Efficient operations	Restructuring measures started	One team – one purpose	Continued opex run rate reduction	Industrialization		Stepwise evolution of operational model	

2017   **2018**   **2019**   **2020**   **2022**

Financial performance

2017 (SEK b.)
Sales: 38,8
GM: 30%
OM: -10,3

2018 (SEK b.)
Sales: 38,1
GM: 40%
OM: -5,5

2019 (SEK b.)
Sales: 39,9
GM: 38%
OM: -3,4

2020 (SEK b.)
Sales: 41-43
OM: Low single digit

2022
OM: 10-12%

Operating income and margin excluding restructuring charges. 2017 excluding restructuring and SEK 14.5 b. in impairments and write downs. 2018 excluding restructuring and SEK 3,0 b in impairments and write downs

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

Digital Services — on track towards profitability
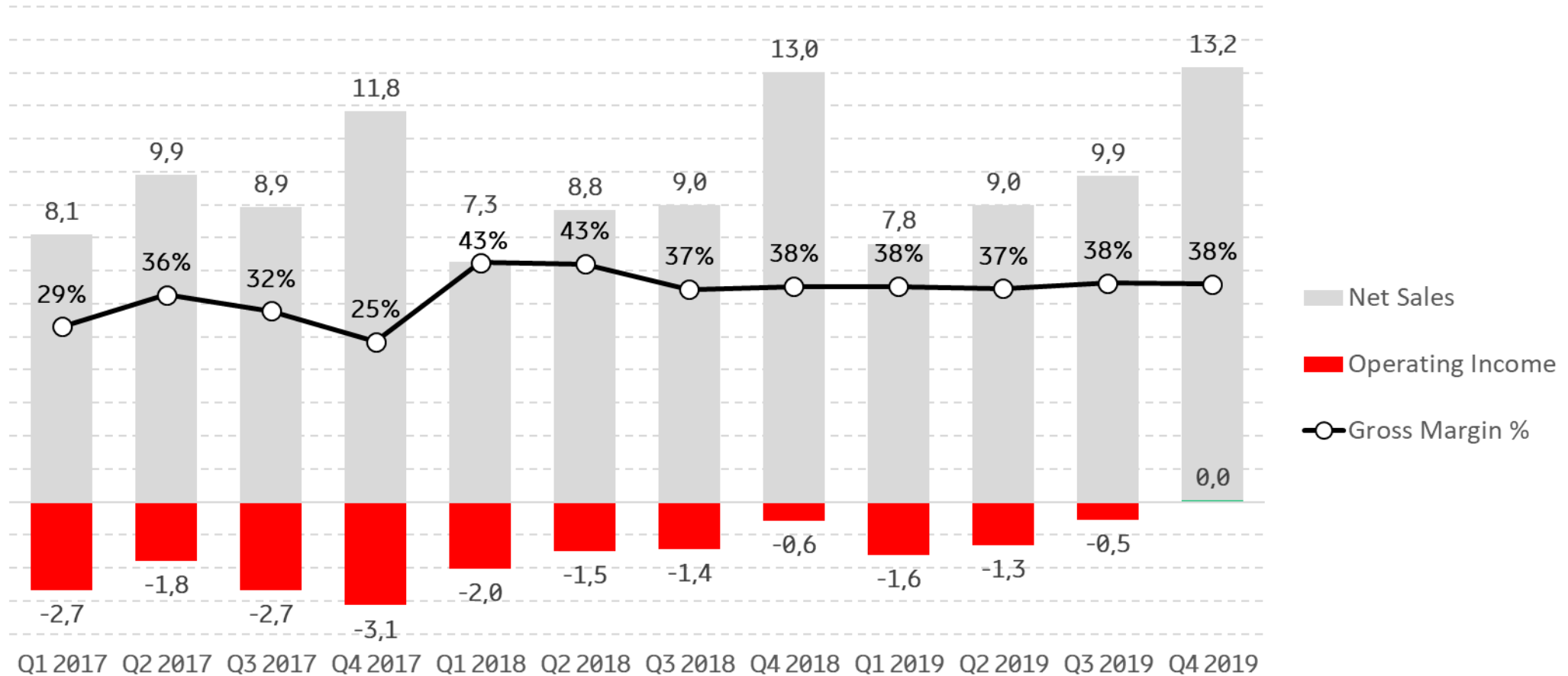

Operating margin excluding restructuring charges. 2017 excluding restructuring and SEK 14.5 b. in impairments and write downs.
2018 excluding restructuring and SEK 3,0 b in impairments and write downs

Agenda

Performance and strategic direction

5G core standalone — why a priority and why cloud native

Implications for Digital Services

5G standalone – one programmable network for CSPs to expand beyond mobile broadband

⚙ Relentless efficiency	🔍 End-customer experience	📱 New revenue streams

Fixed wireless access and enterprise business (B2B2X)

Mobile broadband

5G
SA

5G
NSA

4G
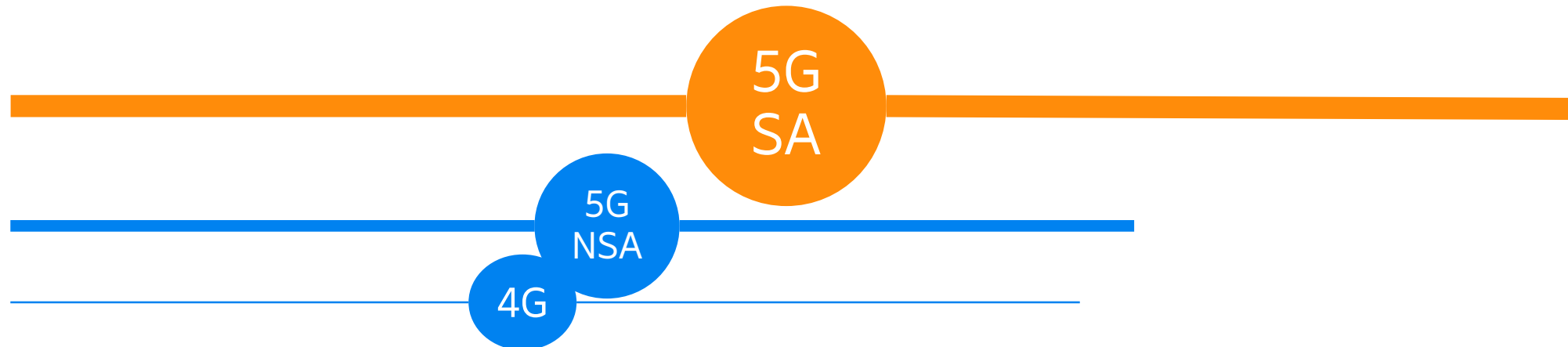
Ericsson 5G platform with Digital Services portfolio evolving for standalone

Ericsson IoT Accelerator

Ericsson Digital BSS

Ericsson Management & Orchestration

Ericsson Radio System

5G Access | 5G Transport

Ericsson Cloud Core

Ericsson Cloud Communication

Ericsson Cloud Infrastructure

Ericsson Services

Ericsson Network Services | Ericsson Operations Engine

What do core networks do?

Communication service provider

Customer product catalog and billing

Charging

Network and service management & orchestration

Communication applications

Internet / Over-the-top

Core network

Main functions:
— Connectivity
— Mobility
— Security
— Service control
— Charging support

Cloud infrastructure
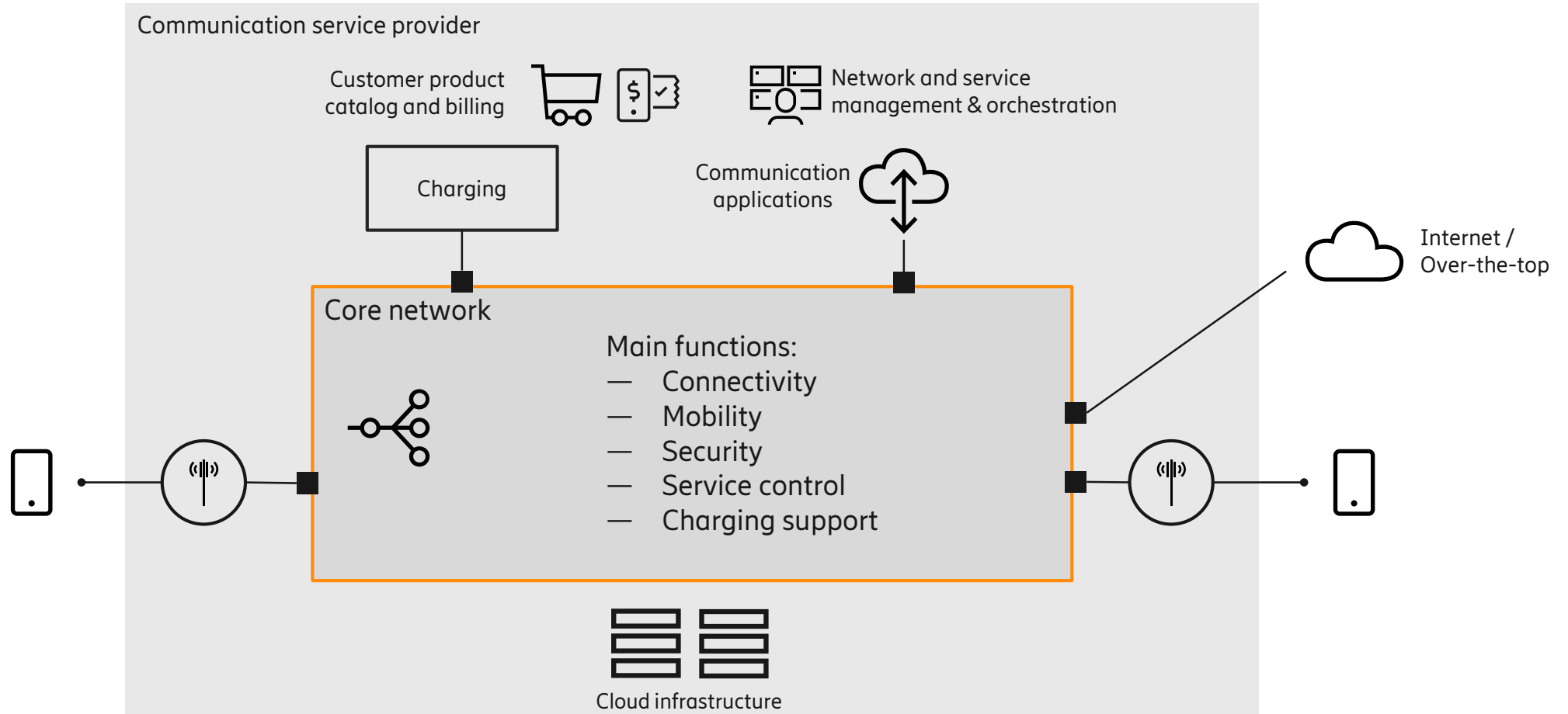
New functions in 5GC enable business beyond mobile broadband

Communication service provider

Customer product catalog and billing

Network and service management & orchestration

Charging

Communication applications

External applications

Internet / Over-the-top

Enterprise cloud

Core network

Main functions:
— Connectivity
— Mobility
— Security
— Service control
— Charging support

What's new:
— Advanced network slicing support
— Network exposure
— Full 5G NR support
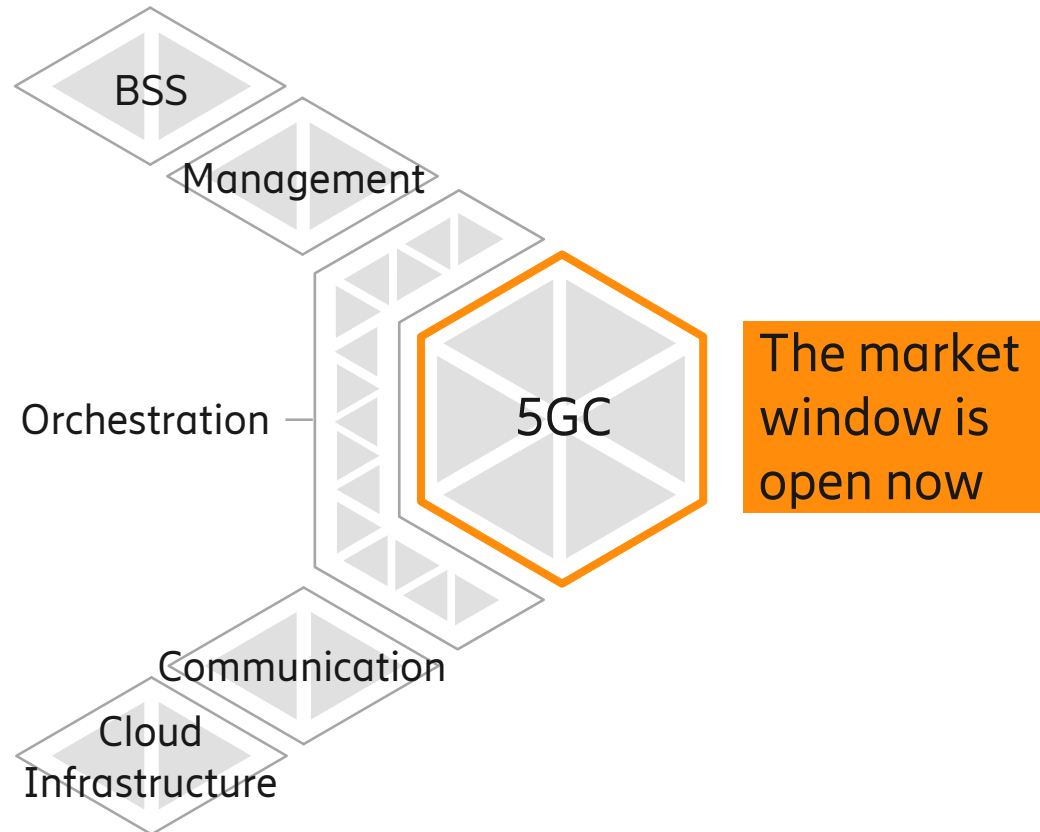— Simplified architecture

Cloud infrastructure
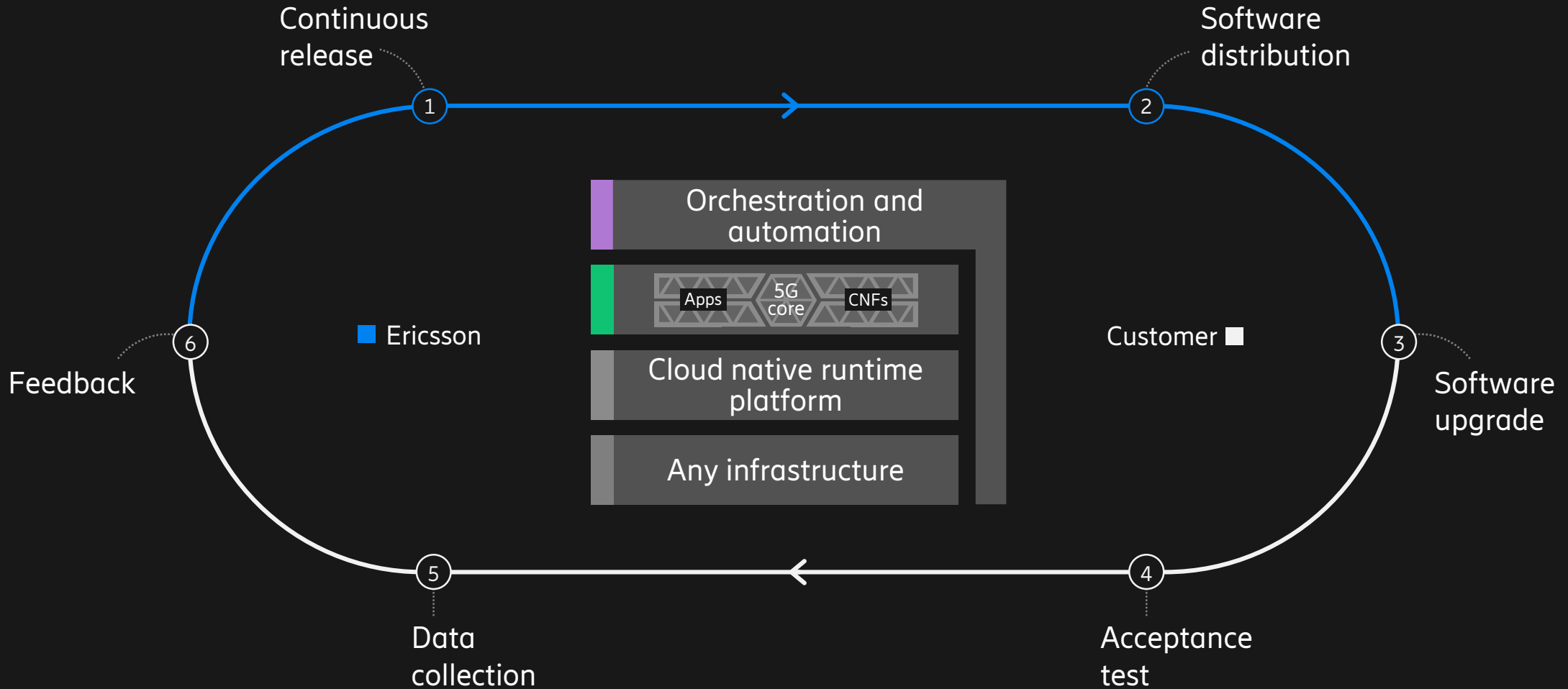
5GC – a beachhead for Digital Services' business

3GPP's standard means a completely new core for 5G standalone

Ericsson's dual-mode 5G Core
— Cloud native from start
— TCO efficient
— High performing
— Supporting 5GC and EPC

BSS

Management

Orchestration

5GC

The market window is open now

Communication

Cloud Infrastructure

Cloud native and CI/CD video

Continuous release

Software distribution

1

2

Orchestration and automation

Apps   5G core   CNFs

■ Ericsson

Customer ■

Cloud native runtime platform

Any infrastructure

6

3

Feedback

Software upgrade

5

4

Data collection

Acceptance test

Cloud native and CI/CD

Continuous release

Software distribution

1

2

Orchestration and automation

Apps | 5G core | CNFs

Ericsson

Cloud native runtime platform

Customer

6

3

Feedback

Any infrastructure

Software upgrade

5

4

Data collection

Acceptance test

The industry's first live cloud native container-based core network

Ericsson and Telstra achieve container-based commercial Evolved Packet Core milestone

— Ericsson's cloud-native container-based Evolved Packet Core deployed in Telstra's production Network Functions Virtualization Infrastructure (NFVi)
— The achievement with Telstra marks a significant advance in network orchestration and automation
— Opens possibilities for Telstra to significantly scale traditional wireless networks in creating new 5G services for consumers and enterprise customers with emerging technologies

PRESS RELEASE | DEC 18, 2019 06:00 (GMT +00:00)

Emilio Romeo, Head of Ericsson Australia and New Zealand, says: "Telstra and Ericsson are leading the mobile industry with this first container-based cloud-native Evolved Packet Core in Telstra's production environment and carrying live traffic. This is an important step towards fundamentally changing the way both companies deploy and operate mobile core networks. Core networks will become much more flexible and agile, allowing operators such as Telstra to quickly create and deploy compelling new services for their customers. This in turn helps operators build new revenues."

Shailin Sehgal, Product Enablement Technology Executive, Telstra, says: "Through the T22 initiative, Telstra's business is being transformed to improve service delivery and provide customers with enhanced experiences. To achieve this transformation, Telstra's network needs to become more flexible and efficient, and cloud-native container-based applications such as Ericsson's containerized Evolved Packet Core are a key element of this. This is key to cost effectively scaling and automating our network and speeding up the delivery of innovative new services that are essential in a 5G world. We are pleased to be working with Ericsson to deliver innovation into our network that will assist Telstra maintain its industry leadership."

5G core standalone – 5GC	↔	Cloud native and automation

KDDI and Ericsson achieve 5G cloud-native CI/CD software pipeline breakthrough

— Ericsson CI/CD pipeline for cloud-native 5G Core standalone software deployment successfully tested
— Ericsson solution enables fast and efficient delivery of new software and functionalities while maintaining network quality
— Solution meets communications service provider software delivery needs for 5G networks

PRESS RELEASE | FEB 20, 2020 08:00 (GMT +00:00)

The CI/CD pipeline speeds up the software acceptance process through the advanced automation of software distribution, deployment, validation and feedback, while reducing human-error risks.

It shortens time to market of new software from months to weeks. Ericsson's CI/CD pipeline enabled KDDI to deploy complicated sliced and distributed network functions more easily through simplified workflows.
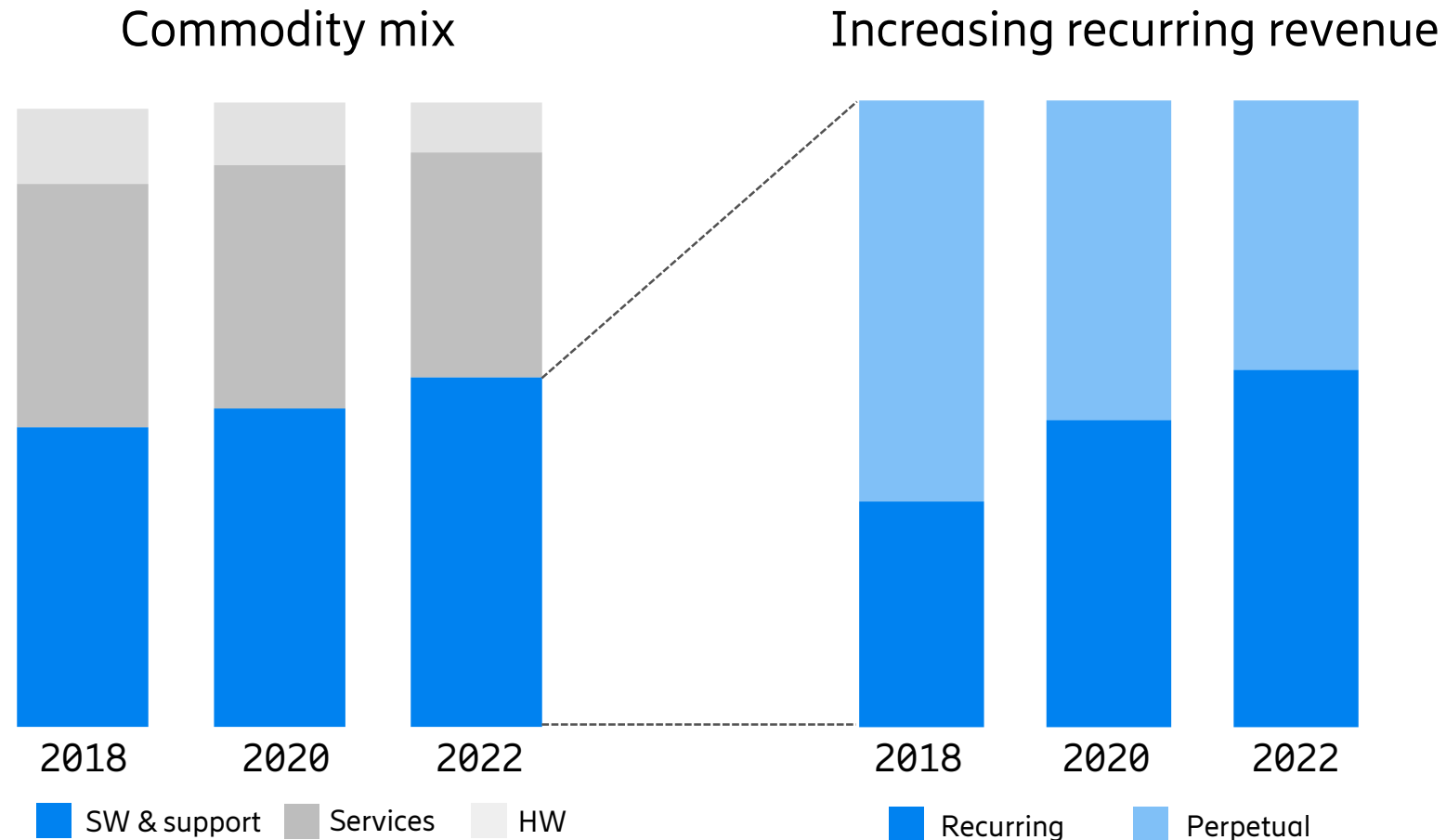
Agenda

Performance and strategic direction

5G core standalone — why a priority and why cloud native

Implications for Digital Services

Our business mix and its evolution

Illustrative

Commodity mix

Increasing recurring revenue

2018　2020　2022

2018　2020　2022

■ SW & support　■ Services　□ HW

■ Recurring　■ Perpetual

Transforming ourselves

Cloud native portfolio

– Common application development framework
  – Design principles
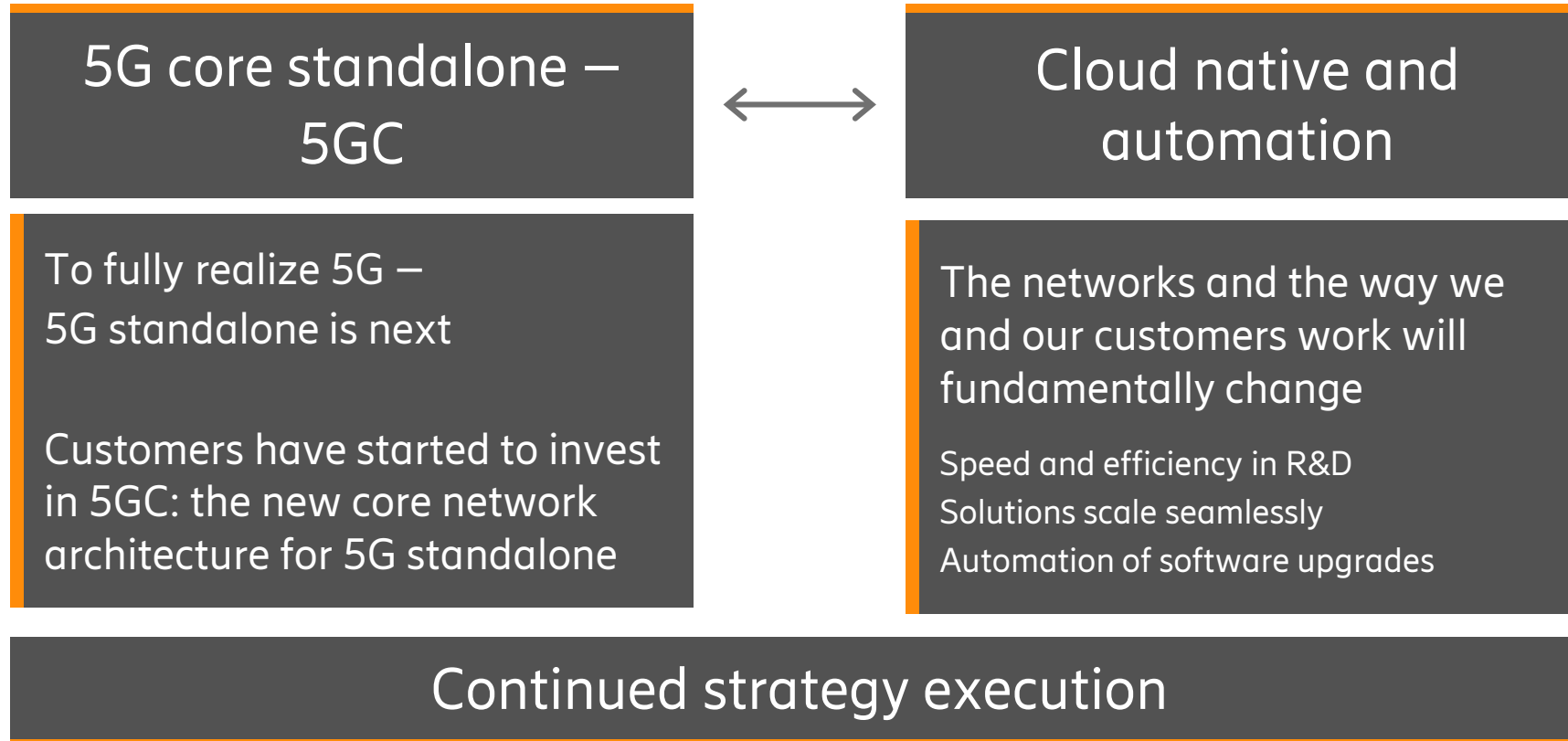 – Tools
  – Marketplace

Automate software delivery and deployment

– Common end-to-end CI/CD software pipeline
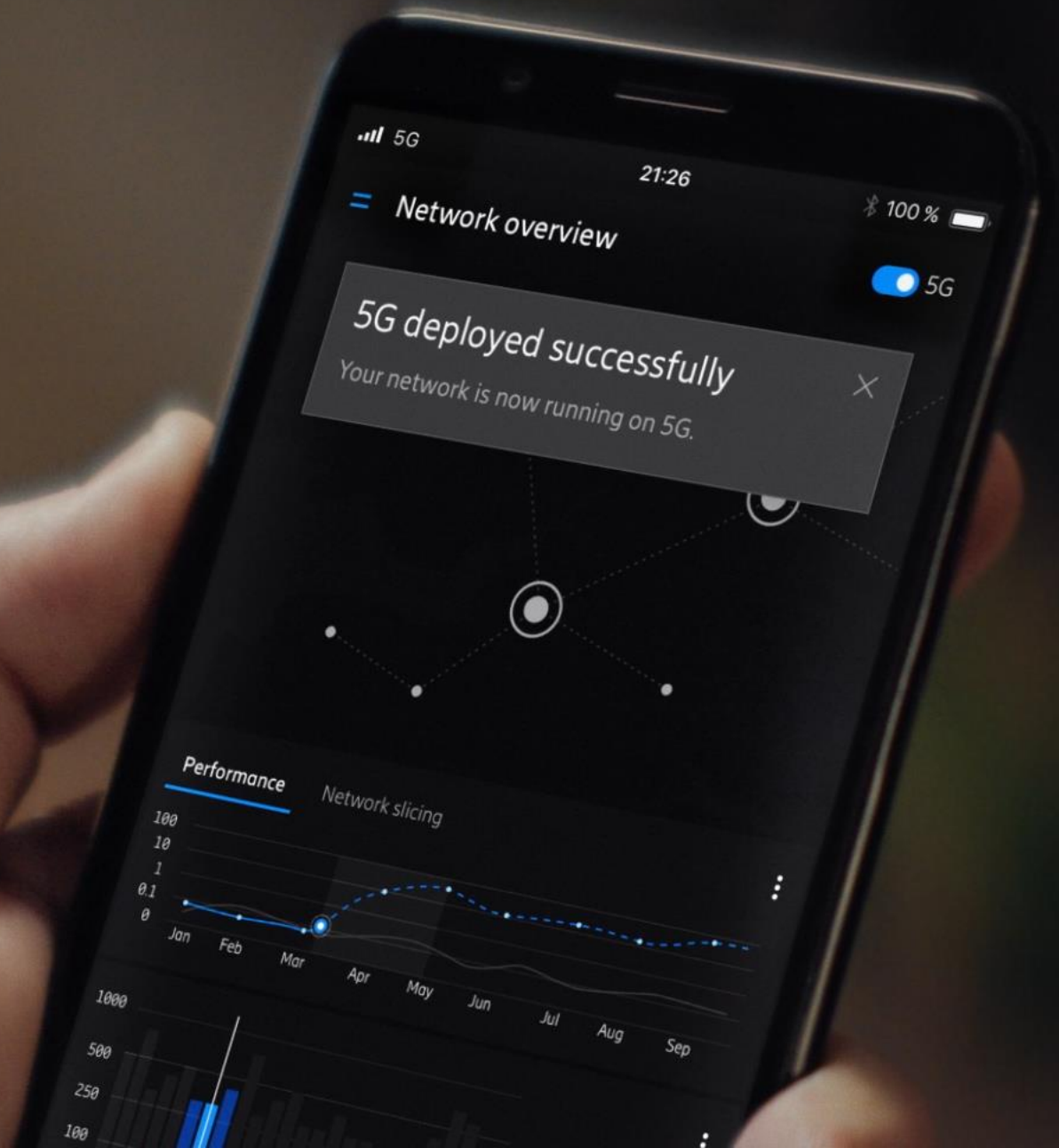 – Development to customer deployment

Industrialization

– Foster and facilitate re-use of industrialized systems integration assets across customer engagements

Summary

5G core standalone – 5GC

↔ **Cloud native and automation**

To fully realize 5G –
5G standalone is next

Customers have started to invest in 5GC: the new core network architecture for 5G standalone

The networks and the way we and our customers work will fundamentally change

Speed and efficiency in R&D
Solutions scale seamlessly
Automation of software upgrades

Continued strategy execution

North America

Niklas Heuveldop
Head of Market Area North America

Market Area North America

Niklas Heuveldop and Carl Mellander

Q&A will follow, to ask questions, please call:

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PIN code: 59336071#

Q&A

Peter Nyquist - Head of Investor Relations
Carl Mellander - CFO
Thomas Norén - Head of 5G Commercialization
Fredrik Jejdling - Head of Networks
Jan Karlsson - Head of Digital Services
Niklas Heuveldop - Head of North America

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- Our goals, strategies, planning assumptions and operational or financial performance expectations;
- Industry trends, future characteristics and development of the markets in which we operate;
- Our future liquidity, capital resources, capital expenditures, cost savings and profitability;
- The expected demand for our existing and new products and services as well as plans to launch new products and services including R&D expenditures;
- The ability to deliver on future plans and to realize potential for future growth;
- The expected operational or financial performance of strategic cooperation activities and joint ventures;
- The time until acquired entities and businesses will be integrated and accretive to income; and
- Technology and industry trends including the regulatory and standardization environment in which we operate, competition and our customer structure.

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