

Planning assumptions – summary

Please see the Q1 report for the complete planning assumptions



Market

- RAN equipment market 3% FY 2019, 2% CAGR 2018-2023 (Dell'Oro)

Net sales

- Lower than normal sales seasonality between quarters throughout 2019 - current sales level in NA expected to remain. Normal seasonality Q1→Q2 10%.
- Baseline for IPR ~SEK 9 b., on an annual basis

Gross margin

- Limited impact from strategic contracts in Networks in Q1, will start to impact gross margin in Q2
- Large 5G deployments in parts of Asia expected to commence end 2019 – short-term negative gross margin impact
- Gradual increase of share of services sales in North America – impacting GM negatively

Operating expenses

- Opex typically increase Q1→Q2 due to seasonality
- Continued cost for field trials – will increase during the next few quarters
- Networks R&D expenses are expected to flatten out

Restructuring charges and Tax

- Restructuring charges for full-year 2019 are estimated to be SEK 3-5 b.
- Q1 2019 tax rate 44%. The rate is a result of forecasted geographical profit distribution for FY 2019

Ericsson

Based on current visibility, assessments and FX rates