

Planning assumptions – summary

Please see the Q2 report for complete planning assumptions



Market

- RAN equipment market 3% FY 2019, 2% CAGR 2018-2023 (Dell'Oro)
- Net sales
 - Normal seasonality Q2→Q3 3%. Current sales level in NA expected to remain throughout 2019
 - Baseline for IPR ~SEK 9 b., on an annual basis
- Gross margin
 - Negative impact from strategic contracts in Networks expected to increase 2H19
 - 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
 - Improvements in Digital Services are not linear and will vary between quarters
- Operating expenses
 - Opex typically decrease somewhat Q2→Q3 due to seasonality
 - Continued cost for field trials
 - Networks R&D expenses are expected to flatten out
- Restructuring charges
 - Restructuring charges for full-year 2019 are estimated to be SEK 2-4 b., from earlier SEK 3-5 b.
- Currency exposure
 - Rule of thumb: USD/SEK 10% weaker → ~ -5% sales and ~ -1pp OM. For historical FX rates, please see ericsson.com

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Based on current visibility, assessments and FX rates