

# PLANNING ASSUMPTIONS

## FROM THE Q2 REPORT



### Market related

- › RAN equipment market outlook for 2017 estimated at high single-digit percent. Previous estimate: -2% to -6%.

### Ericsson focused strategy related

- › Addressing low-performing operations in MS and optimizing NRO offering expected to reduce FY19 sales up to SEK 10 b.
- › Cost reductions with annual run rate of at least SEK 10 b. by mid-2018, split 50/50 between service delivery and common costs
- › The company aims to increase R&D efficiency. However, R&D expenses will increase short term, primarily in Networks
- › Less capitalization is expected to result in a net negative impact on operating income of SEK -2.9 (1.3) b. in second half 2017, with no impact on cash.
- › Restructuring charges for 2017 are estimated to be in the higher end of the range of SEK 6-8 b.
- › Increased risk of further market and customer project adjustments, with a negative impact on results, estimated to SEK 3-5 b. for the coming 12 months, of which 30% is estimated to impact cash

### Other Ericsson related

- › The earlier communicated rescoped managed services contract in North America will impact sales negatively YoY in Q3 2017
- › Industry trends and business mix in mobile broadband in 2016 are expected to prevail in 2017

Based on current visibility, assessments and FX rates