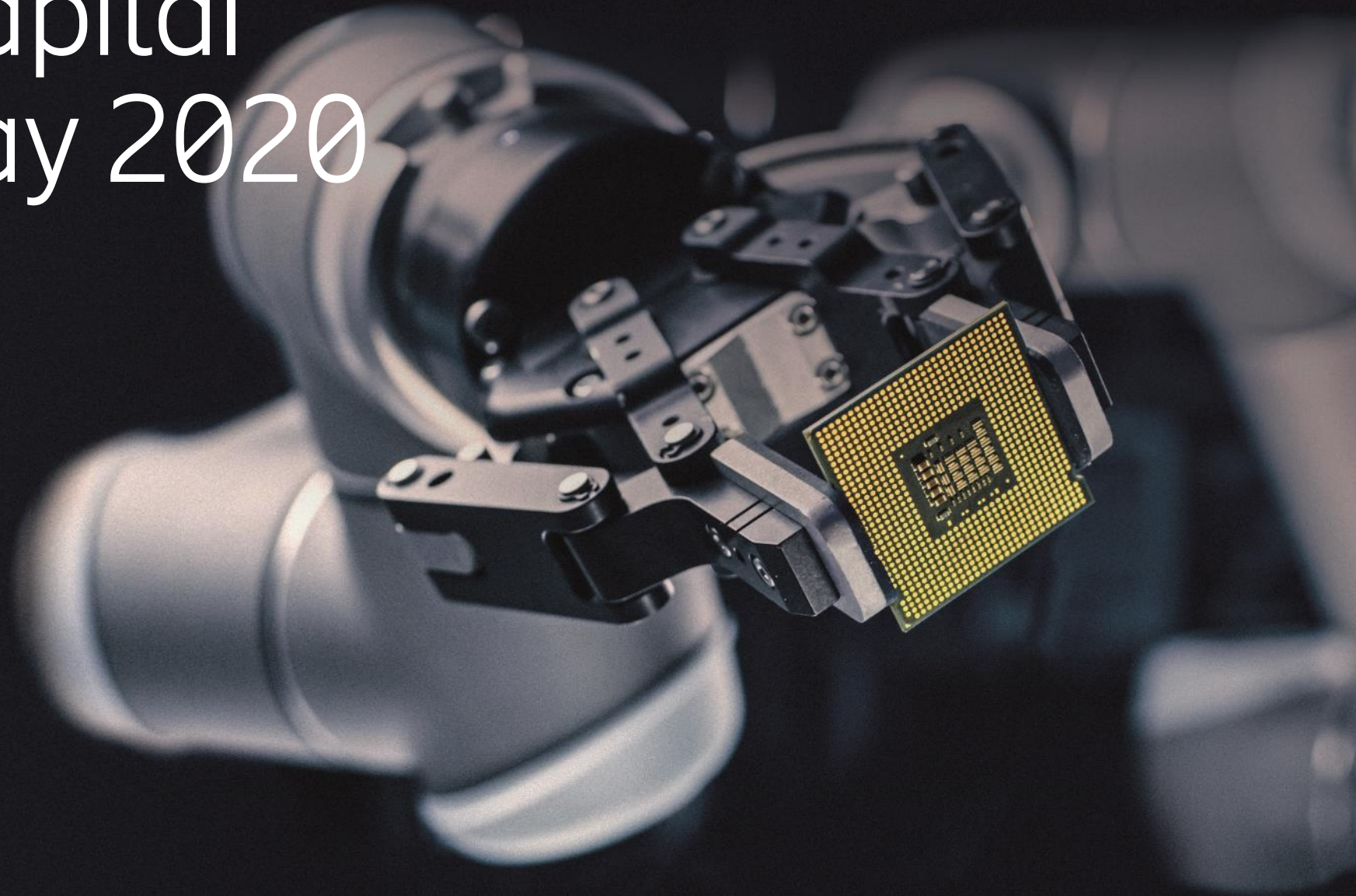


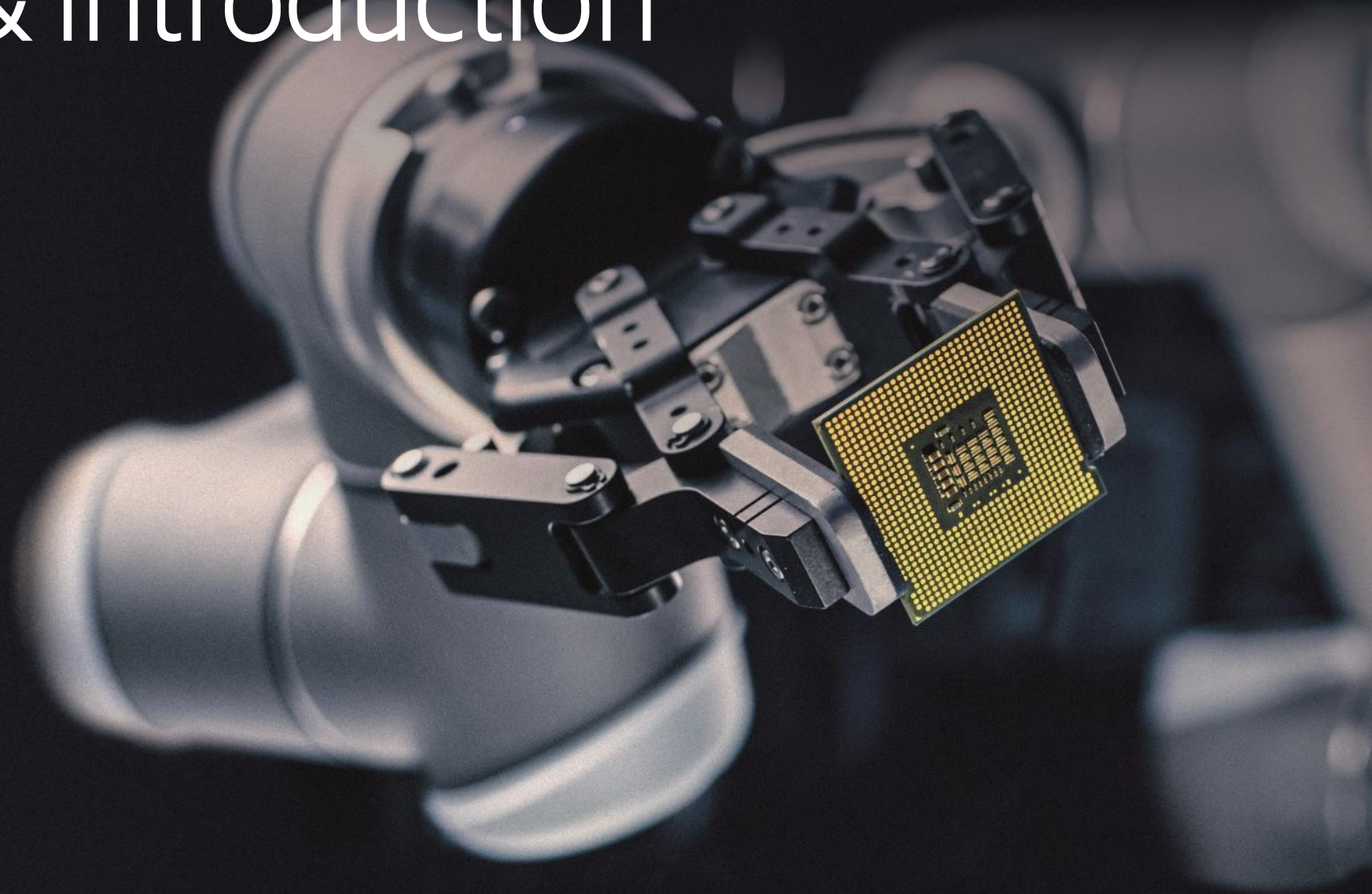
Ericsson Capital Markets Day 2020

November 10, 2020

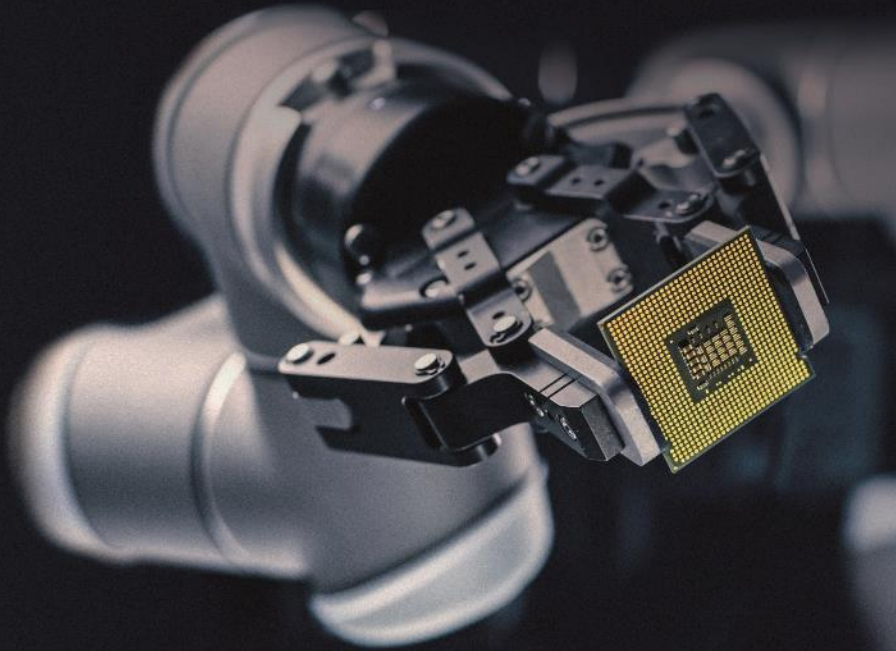


Welcome & introduction

Peter Nyquist
Vice President, Head of IR



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.

Agenda



3:00 – 4:45PM CET

Strategy execution & the next chapter

Börje Ekholm, CEO

R&D as a value creator

Erik Ekudden, Chief Technology Officer

Financial update & targets

Carl Mellander, Chief Financial Officer

Q&A

4:45-7:00PM CET

Highlights from Market Areas

Chris Houghton, Head of Market Area North East Asia
Niklas Heuveldop, Head of Market Area North America

Update from our segments

Fredrik Jejdling, Head of Networks
Jan Karlsson, Head of Digital Services
Peter Laurin, Head of Managed Services
Åsa Tamsons, Head of Technologies & New Businesses

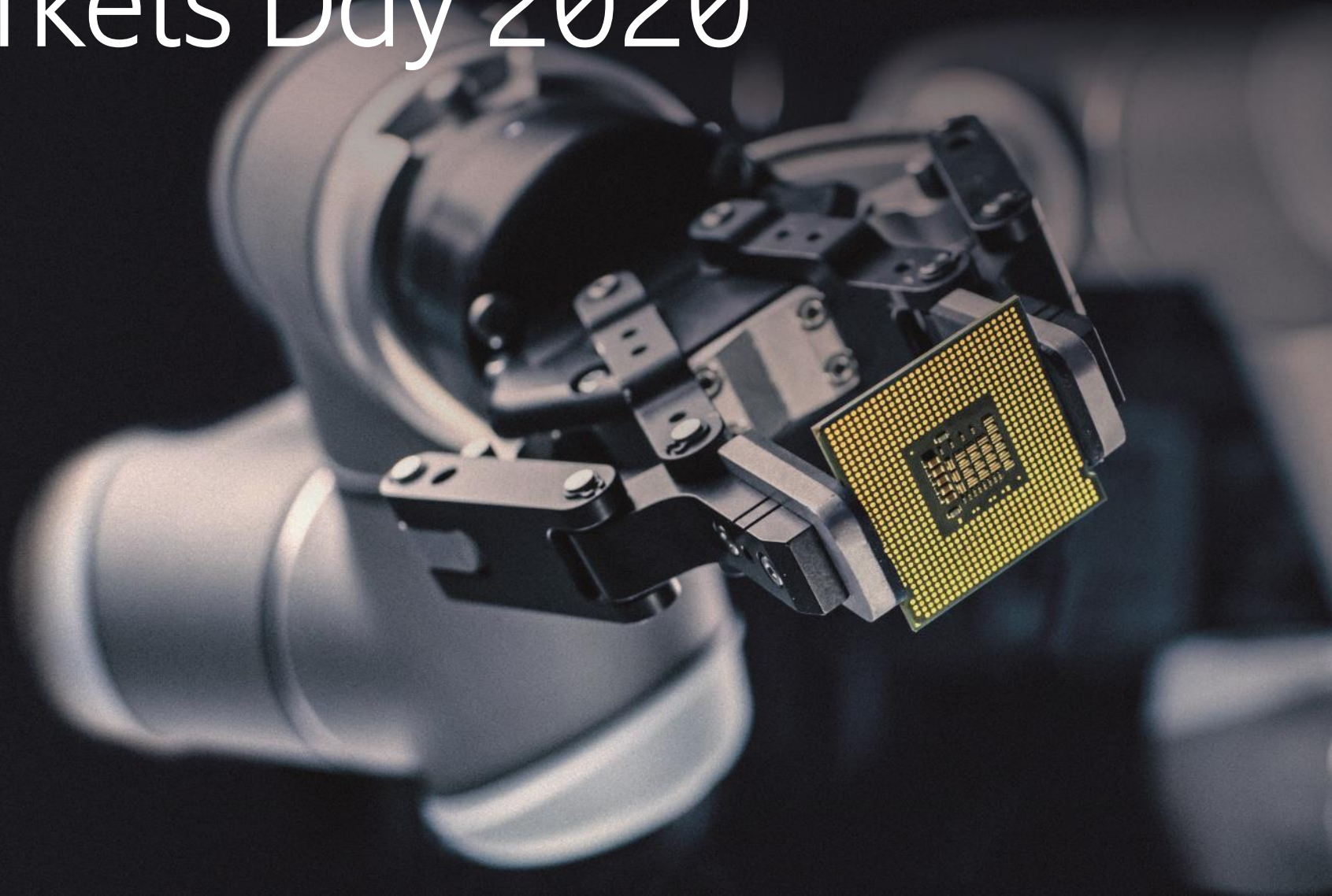
Q&A

Closing

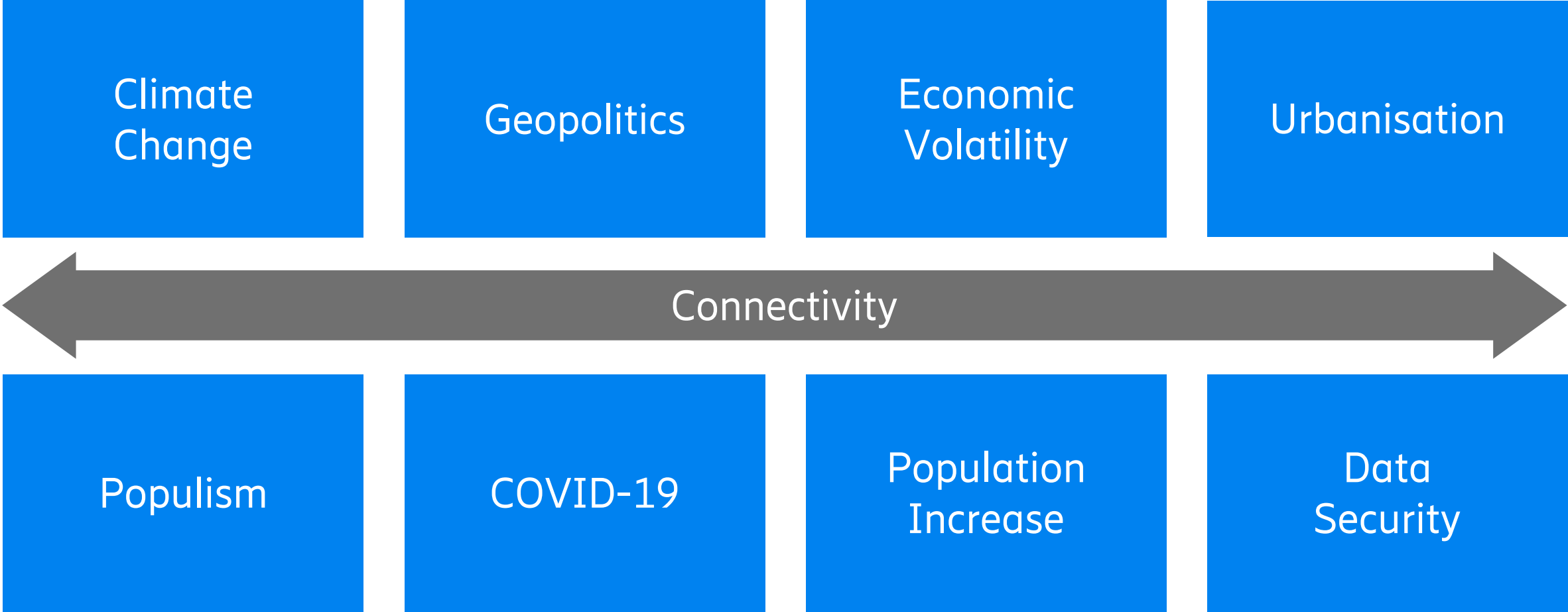
Börje Ekholm, CEO

Capital Markets Day 2020

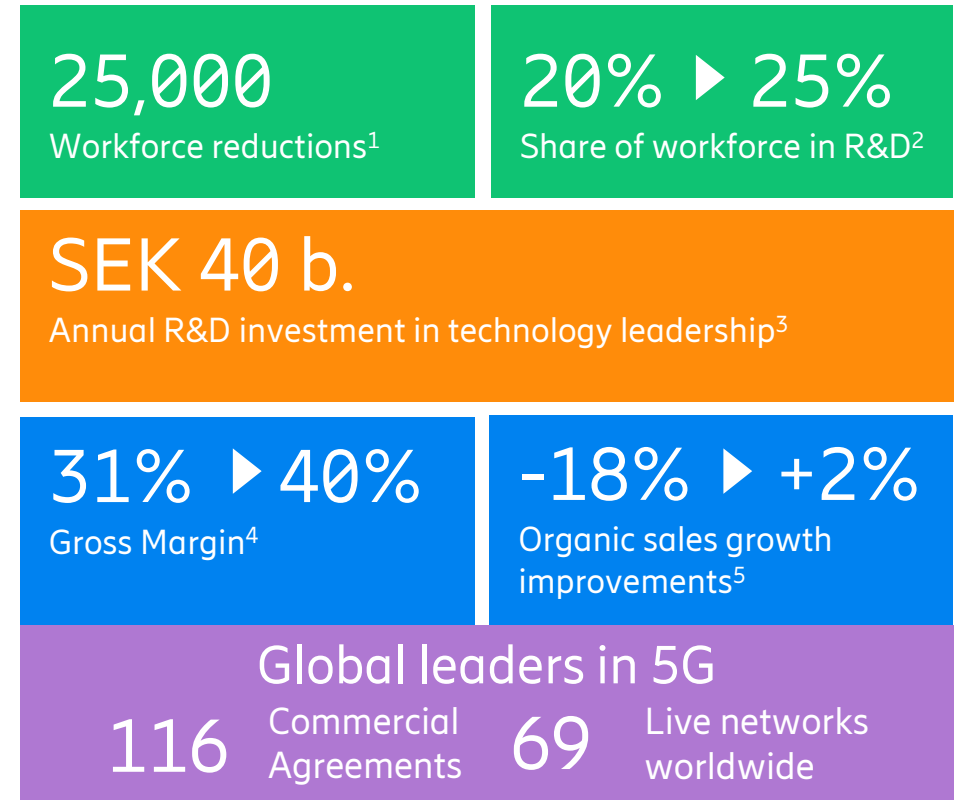
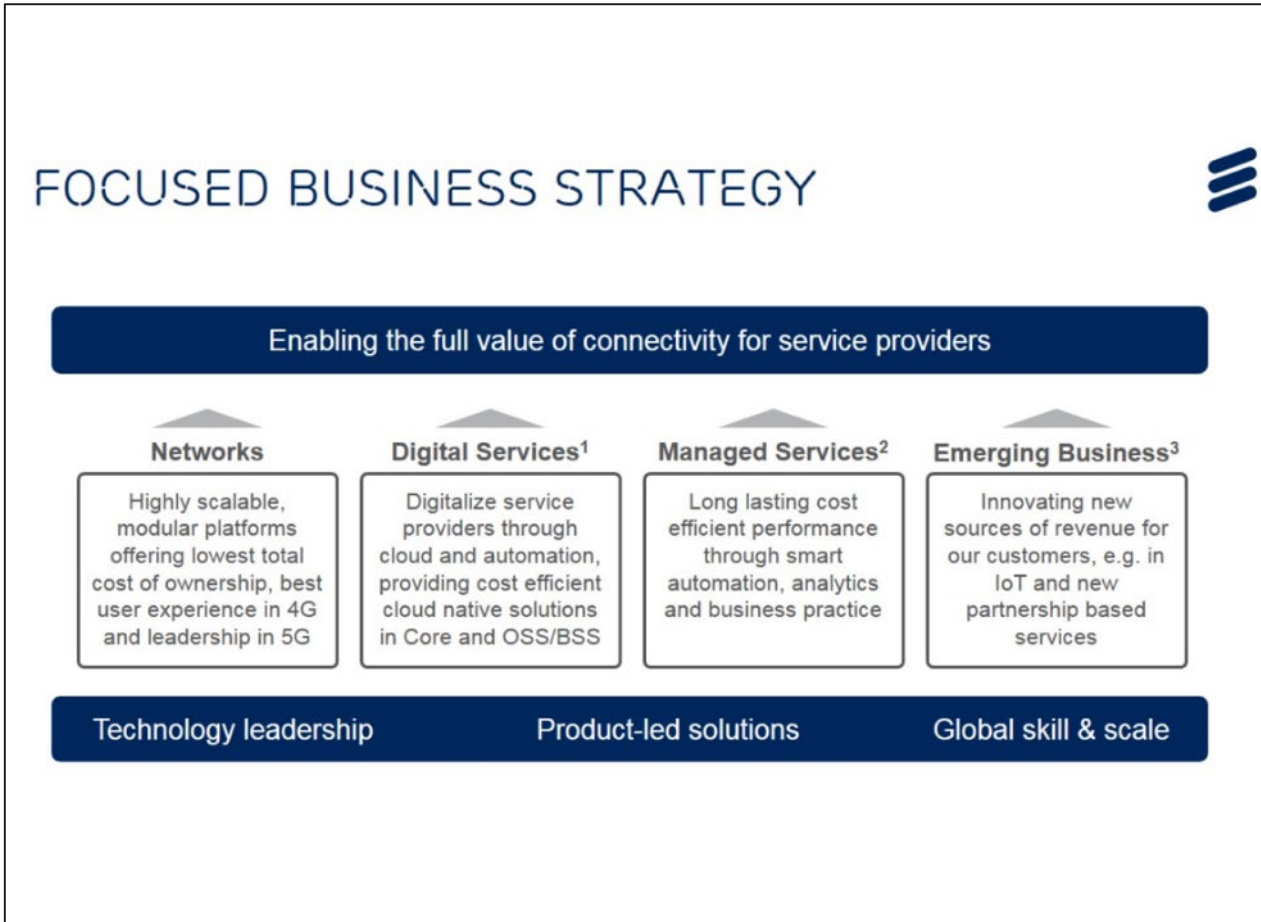
Börje Ekholm
Chief Executive Officer



A complex and dynamic business environment



Our focused strategy has yielded results



1. Capital Market Days 2018
2. 2015-2019
3. Last 4 quarters, Q4/19-Q3/20
4. Rolling 4 quarters, 2017-Q3/2020
5. Currency adjusted sales growth comparing 2015-2017 with 2017-2019

We are defining the next phase of our growth



Intelligent, sustainable and connected

Full value for service providers

Our customers' needs

New revenue streams

End-customer experience

Relentless efficiency

Our focus

Digital infrastructure...

Leadership in 5G, scalable, resilient and reliable networks and platforms, orchestration and business enablement.
Superior efficiency and customer experience with automated, AI-based zero-touch operations and services

..for Consumer use

Supporting mobile broadband and application acceleration with global, ubiquitous, high-speed and low-latency connectivity

..for Enterprise use

Solutions supporting digital transformation from IoT to dedicated and cloud native enterprise networks

Foundation

Technology leadership

Cost efficiency

Data-driven operations

Global skill & scale

Consumer 5G demand is there and can be monetized



The better experience of 5G drives consumer demand

3-5

5G measured 3-5 times faster than 4G, ensuring a better experience

2-3

5G users consume 2-3 times more data – drives bucket upgrades

Source: Ericsson Mobility Report, Nov 2020

Consumers are willing to spend on improved service with 5G

30%

Initial 5G premium across CSP offerings, compared to closest 4G plan

+20%

Average consumer willing to pay up to 20% more for 5G

Source: Ericsson Mobility Report, Nov 2020

Take rate is predicted to be faster if supported by roll-out

1.5-2 years

1.5 - 2 years faster to reach 1 billion subs compared to 4G

>98%

Korean population coverage

Source: Ericsson Mobility Report, June 2020; ERT: Assessment of 5G deployment status

5G measurements taken with Speedtest® 2019 Q2



5G measurements taken with Speedtest®

2020 Q3



World total: 1,774,713 5G tests taken with Speedtest

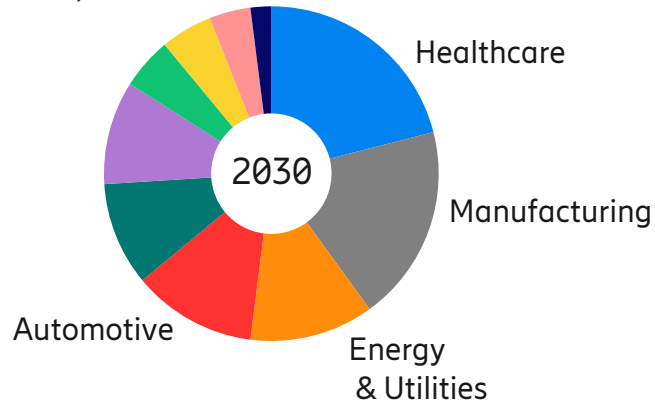
Source: Ericsson analysis on Speedtest Intelligence® data from Ookla®

Enterprise digitalization is an attractive opportunity



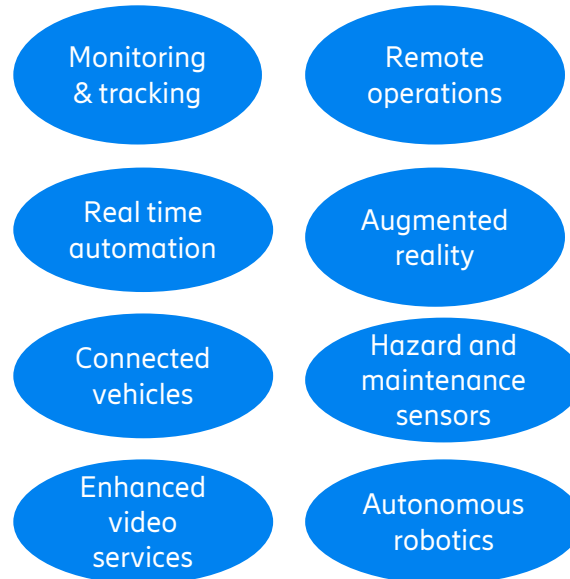
The enterprise opportunity in enterprise digitalization is sizable

>25% CAGR
(2022-2030)

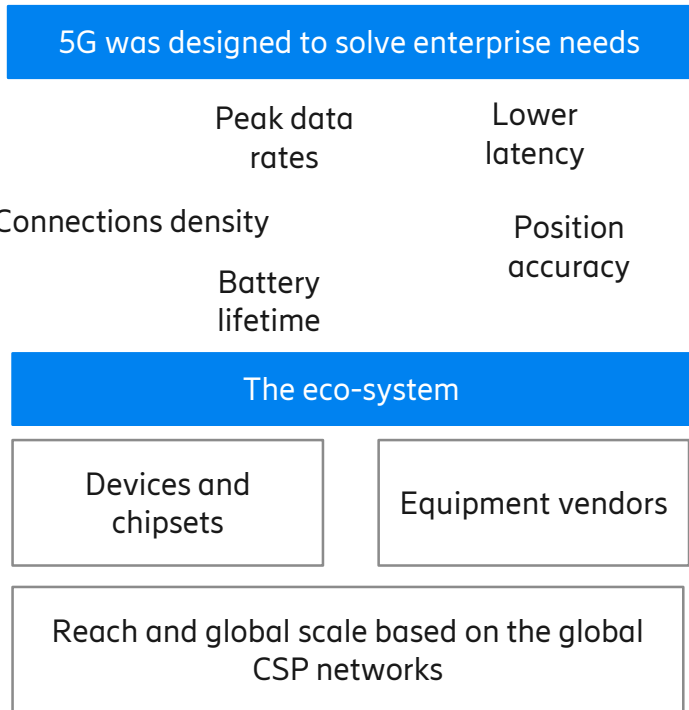


Global CSP 5G enabled B2B opportunity

Enterprise digitalization use cases requiring high performance mobile connectivity

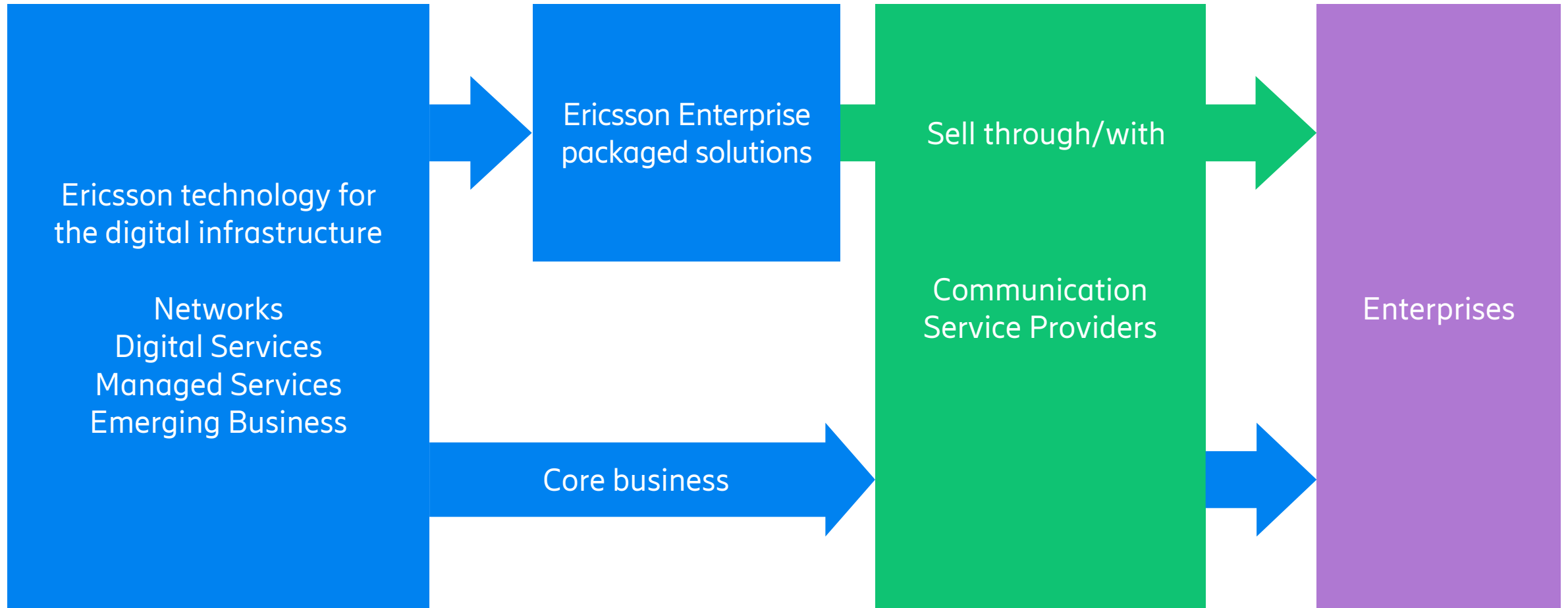


5G and the mobile industry can address this opportunity

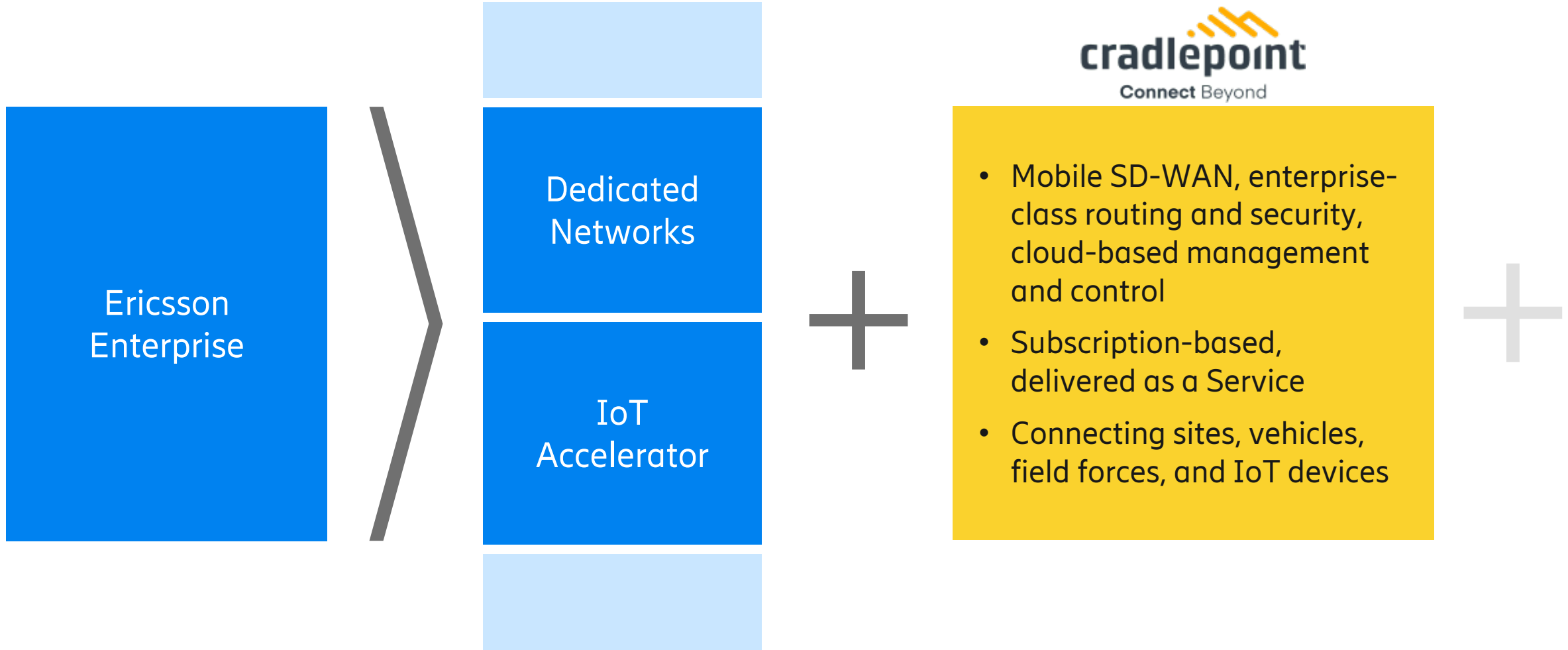


5G to become the primary connectivity solution for enterprises

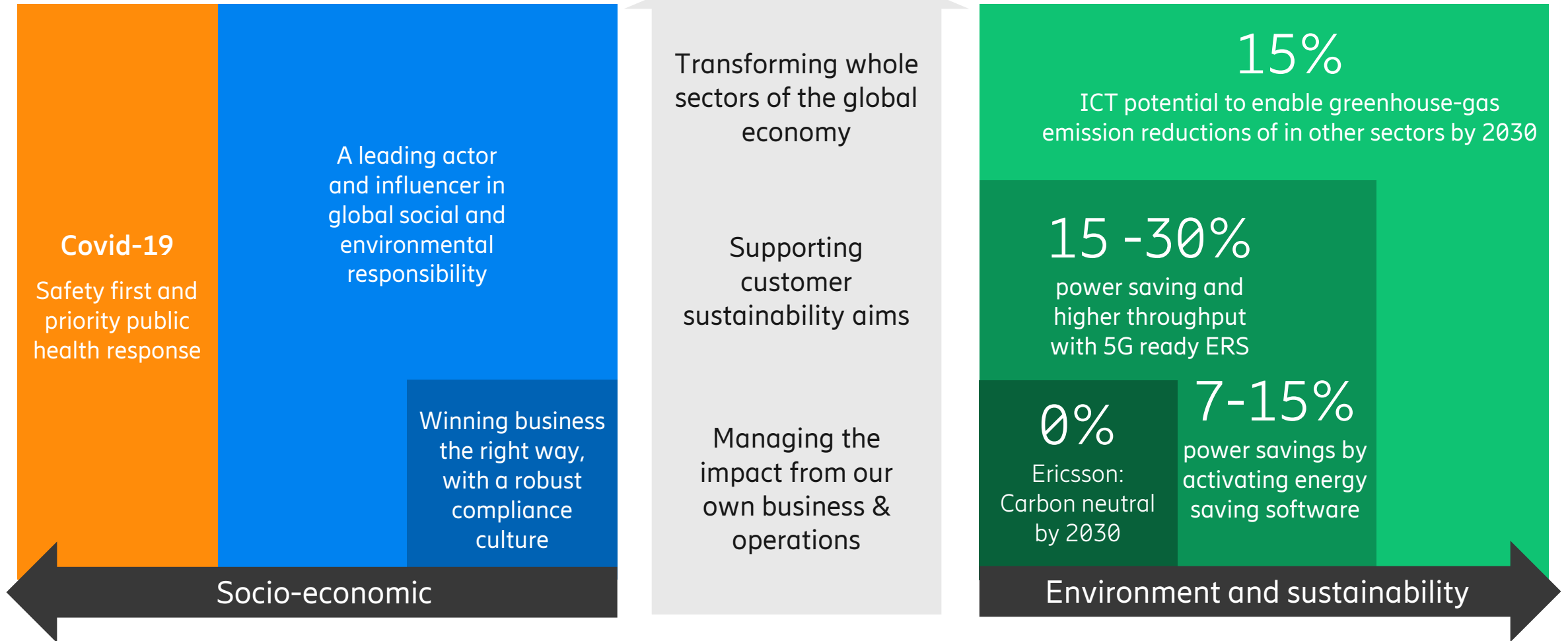
Our enterprise approach: Building on top of the core business



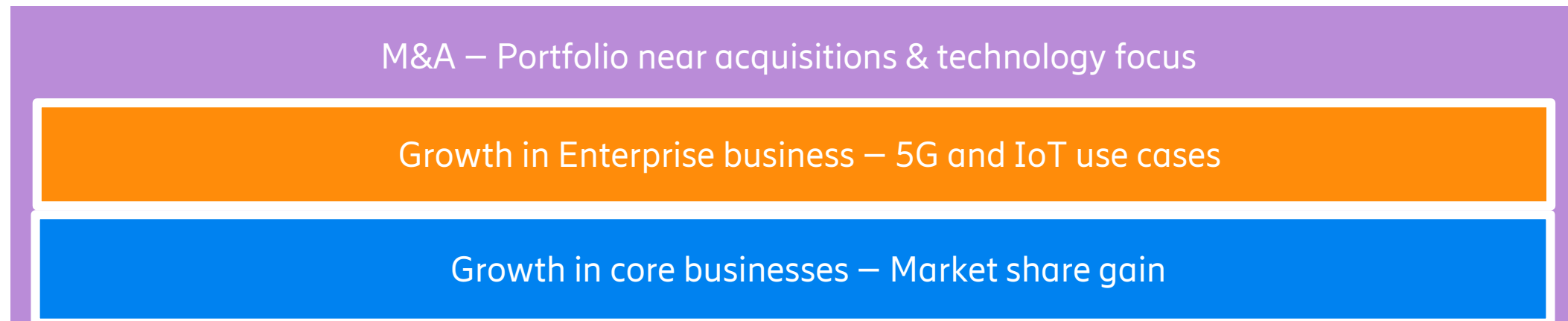
Strategic steps enhancing the enterprise approach



Deriving value from responsible and sustainable action



Underpinning our long-term growth ambitions



Outgrow the market
(market growth expected >1%)

Net Sales

15%-18% of sales

EBITA margin*

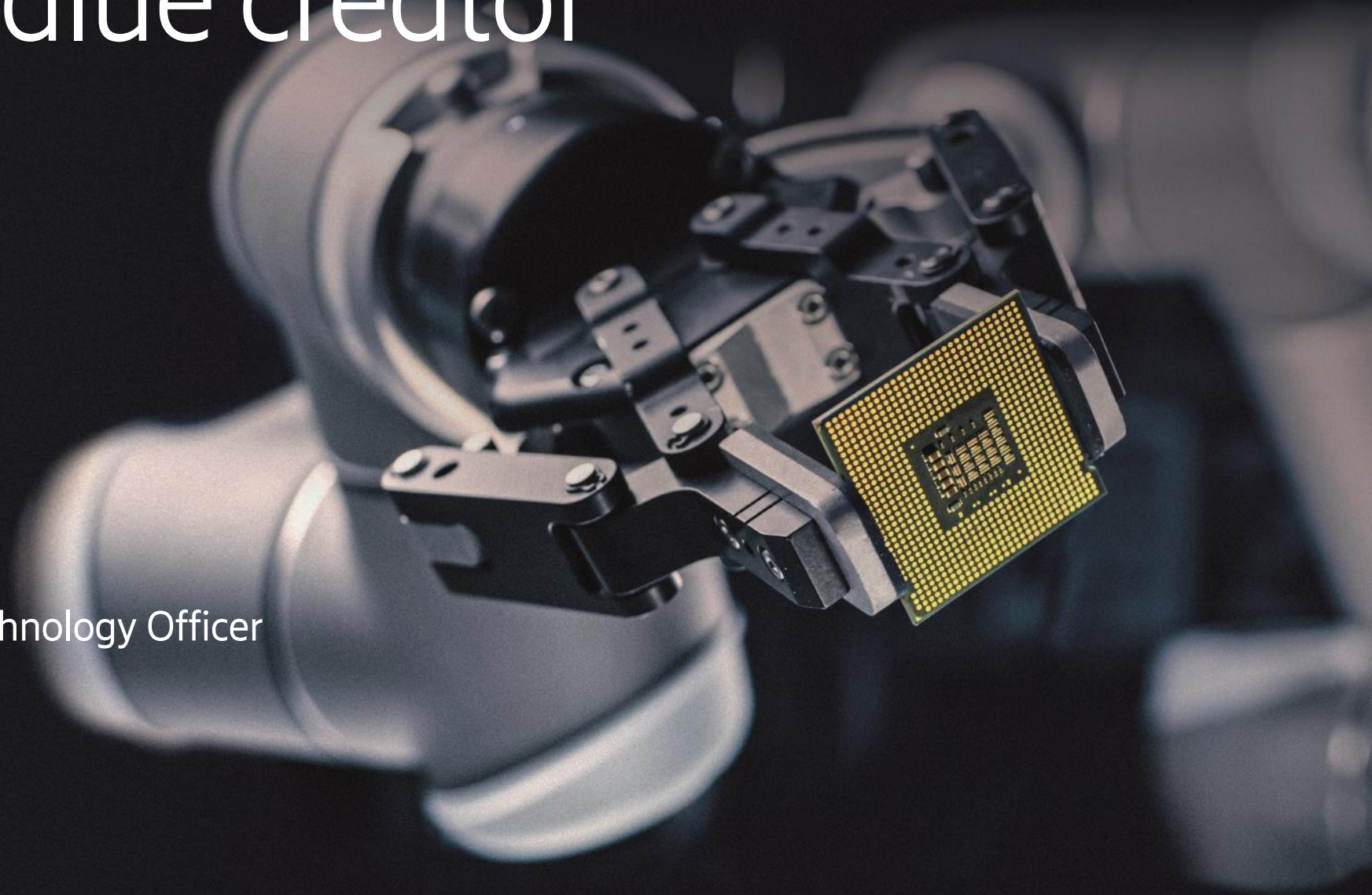
9%-12% of sales

Free Cash Flow before M&A

Carbon neutral in operations by 2030

Sustainability

R&D as a value creator



Erik Ekudden
Senior Vice President, Chief Technology Officer



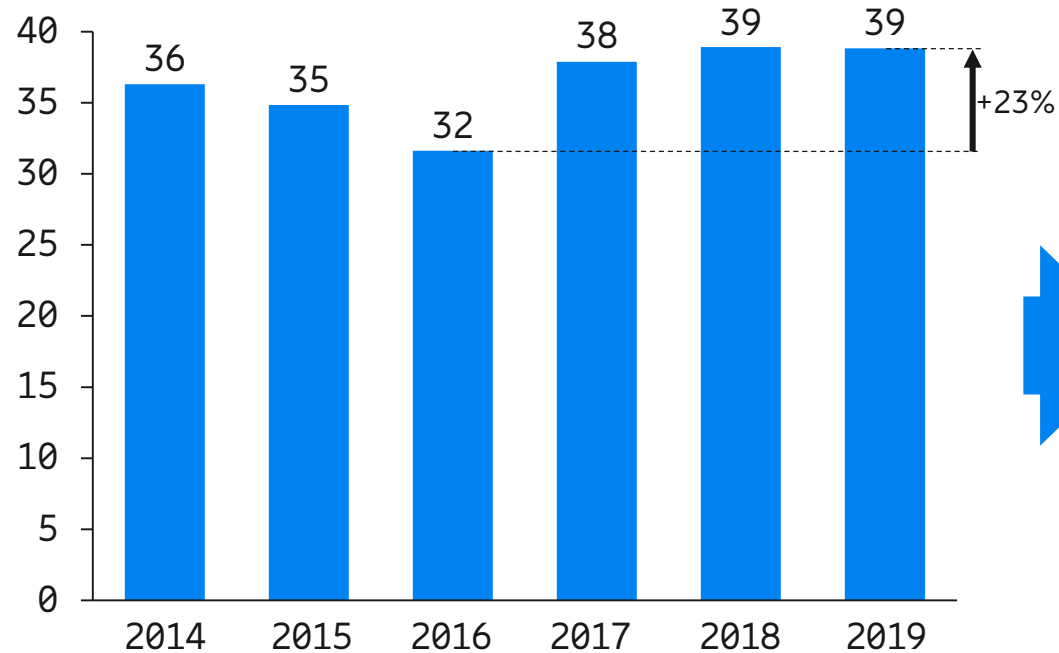
SEK 40 b.

R&D

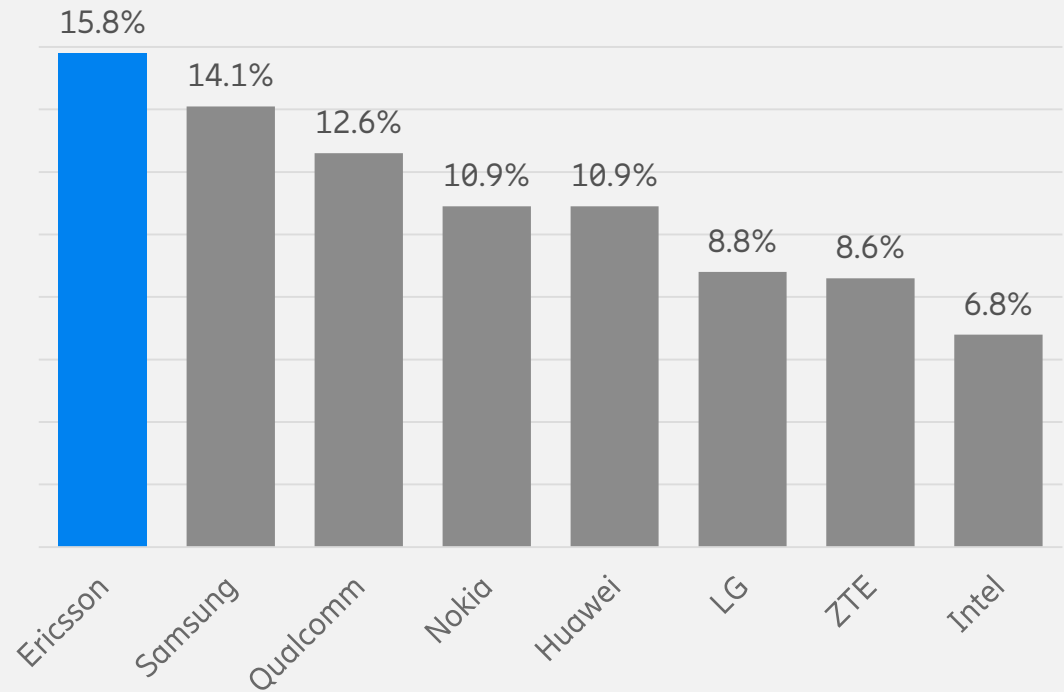
Ericsson R&D investments have resulted in a strong 5G portfolio



R&D Spend, SEK b.



Major contributors to 5G standards (essential patents)



Source: Law firm Bird & Bird

Technology strategy focus – where has it taken us...

Innovation in the network platform and new business



Technologies providing for new business

IoT platform onboarding and serving industry devices and use-cases

Global facilitation and aggregation of network assets for third party services

Technologies enhancing the network platform

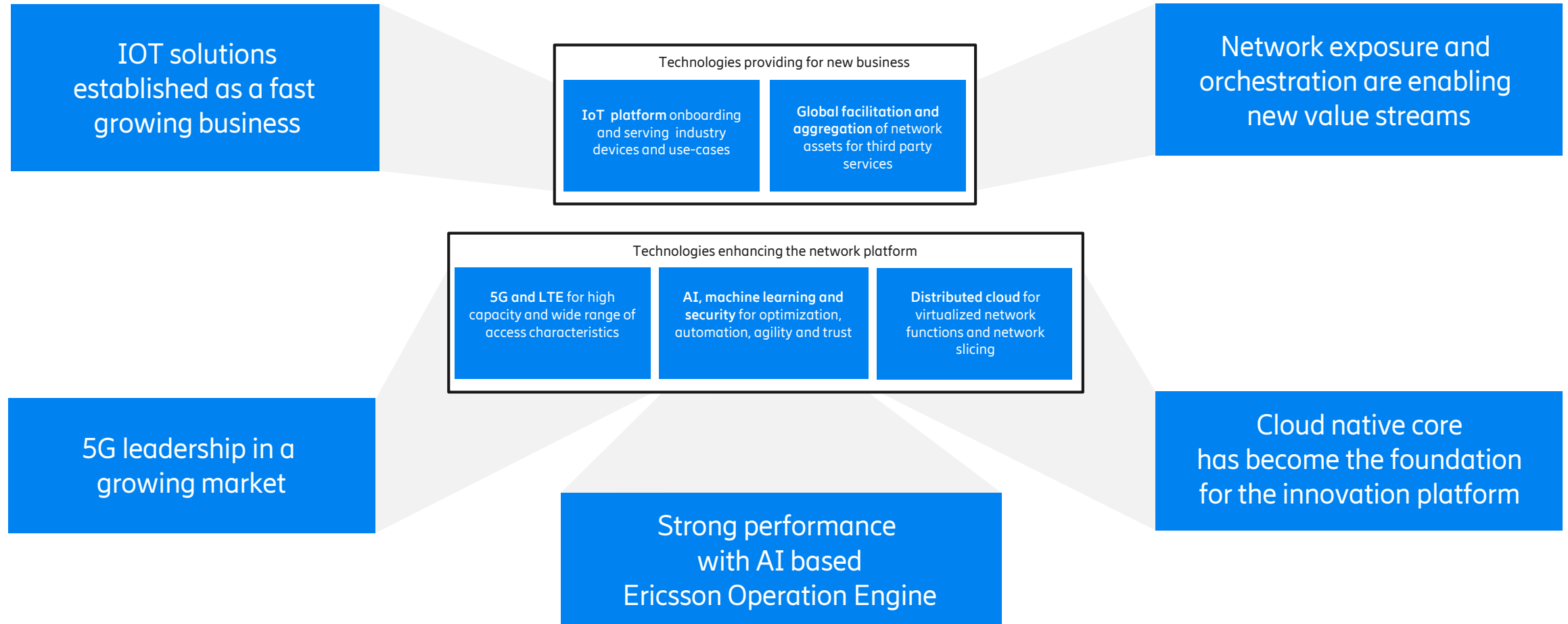
5G and LTE for high capacity and wide range of access characteristics

AI, machine learning and security for optimization, automation, agility and trust

Distributed cloud for virtualized network functions and network slicing

Technology strategy focus – where has it taken us...

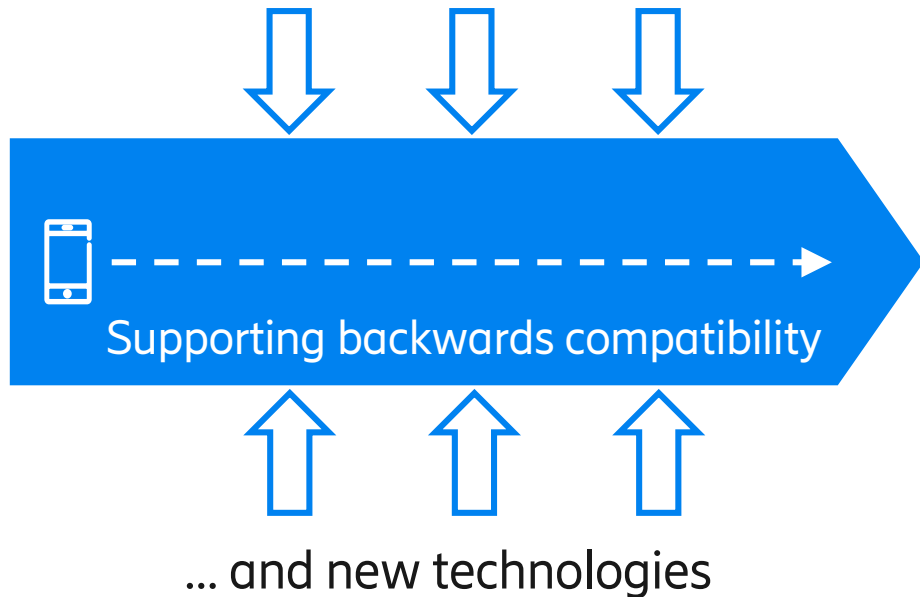
Innovation in the network platform and new business



5G – Ericsson leadership in creating a platform for the future



Adding new use cases by software...



Ericsson leads in driving 5G standards

- **Flexible air-interface supporting a range of deployment cases**
 - Based on use case requirements, geography, frequency bands
- **Lean-carrier air interface design**
 - New modulation and coding co-existing with earlier technologies and devices
 - Drastically reducing energy consumption

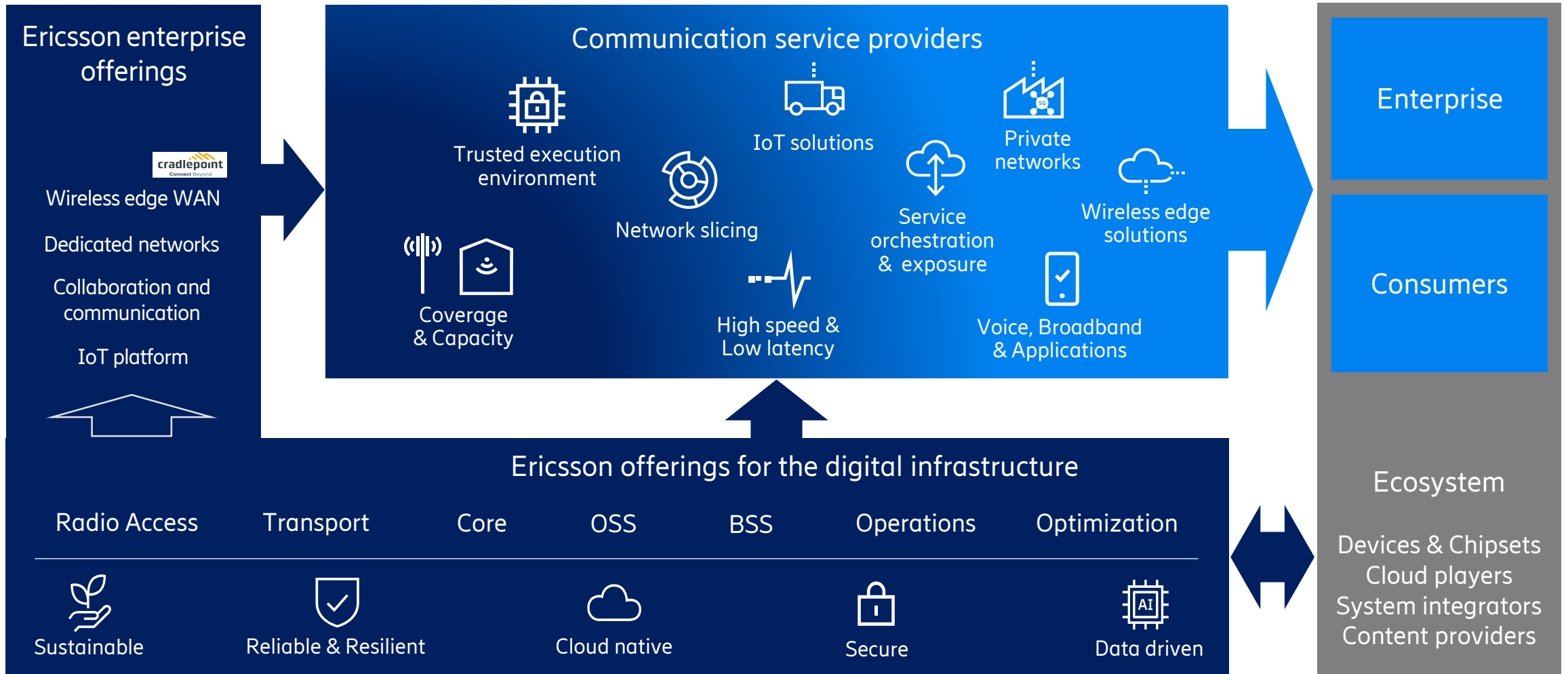
Ericsson leads in the field

- First to market in all geographies leveraging all bands
- Unique performance and efficiency (spectrum sharing)
- Leadership in cloud native design and technologies
- Leader in cloud native 5G Core (efficient migration with dual-mode core)

5G - the first standard to be developed with a key aim to support future developments

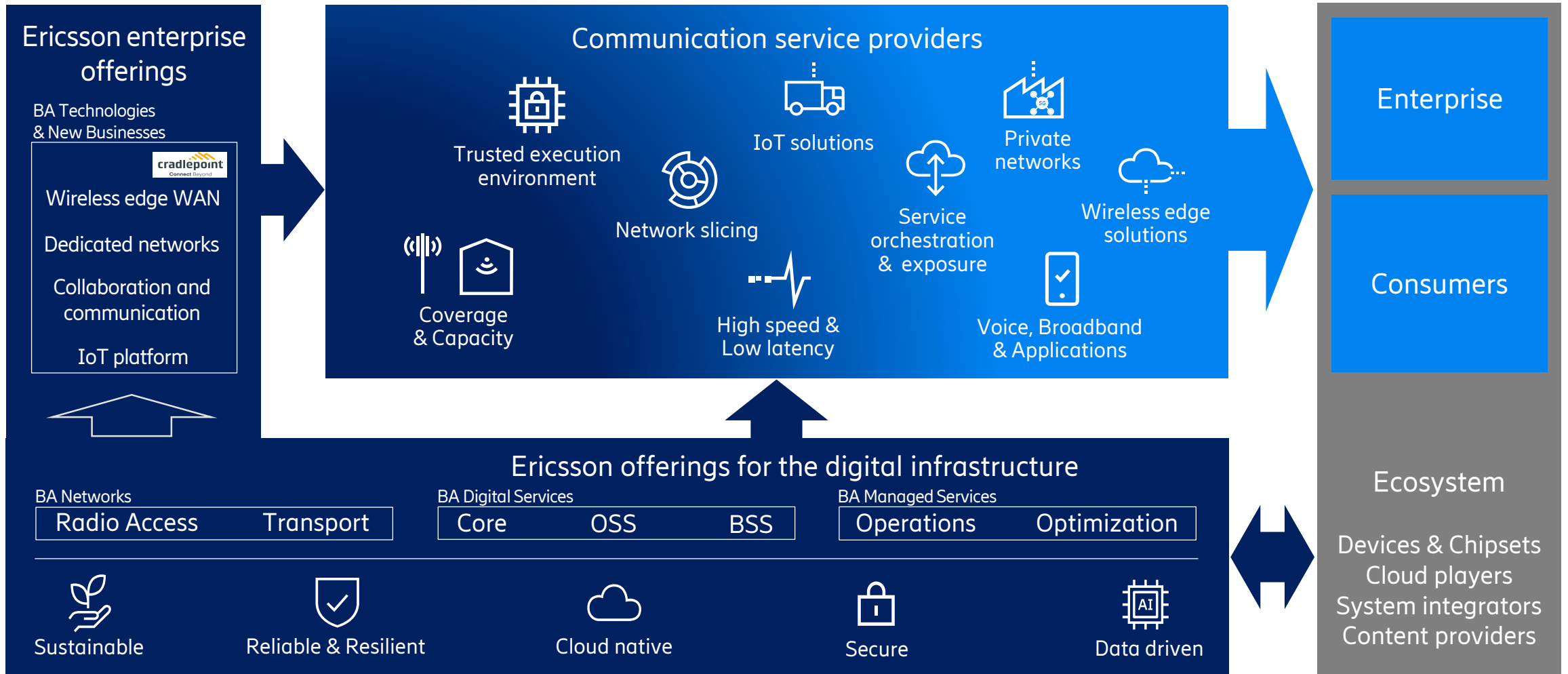
5G driven digital infrastructure

- Key enabler for digital transformation



5G driven digital infrastructure

- Key enabler for digital transformation



Ericsson technology foresight— From voice to Internet of Senses



Haptic feedback



- Remote operation of industrial equipment
- Increased efficiency
Increased safety
- Ericsson Enterprise

XR in live production



- AR assisted trouble shooting
- Faster resolution time
Less material needs
- Ericsson Factories

Network assisted XR



- Split rendering in device & network
- Leverage 5G network
Simplifies device
- Ericsson D-15

Internet of Senses



- Full immersive experience
- All senses
The future of Internet
- Ericsson Research

Exploring the future in D-15



Defining the next generation of everything, together.

- Ericsson D-15 is our new 5G-connected co-creation and innovation center. A home for creating ground-breaking design to deliver solutions in real time.
- Our 5G Lab where service providers and ecosystem partners can co-create, design and test their consumer and industry solutions on real 5G.
- Focused on 5G, Edge Compute, IoT & Network Slicing and beyond



"Really enjoyed 5G Things this week. It was like watching TV – the production value, speakers, subject matter were all excellent."

Sean Kinney
Editor-in-Chief with RCR
Wireless

"I'm not sure who I need to thank for putting me on this invitation list, but this event was FANTASTIC! So informative and forward thinking... really really interesting. I especially enjoyed yesterday. Have they always had this and they decided to expand the guest list this year since it's virtual or is this a new thing? "

Emmy Johnson
Industry analyst, Sky Light Research

<https://www.ericsson.com/en/about-us/experience-centers/d-fifteen>

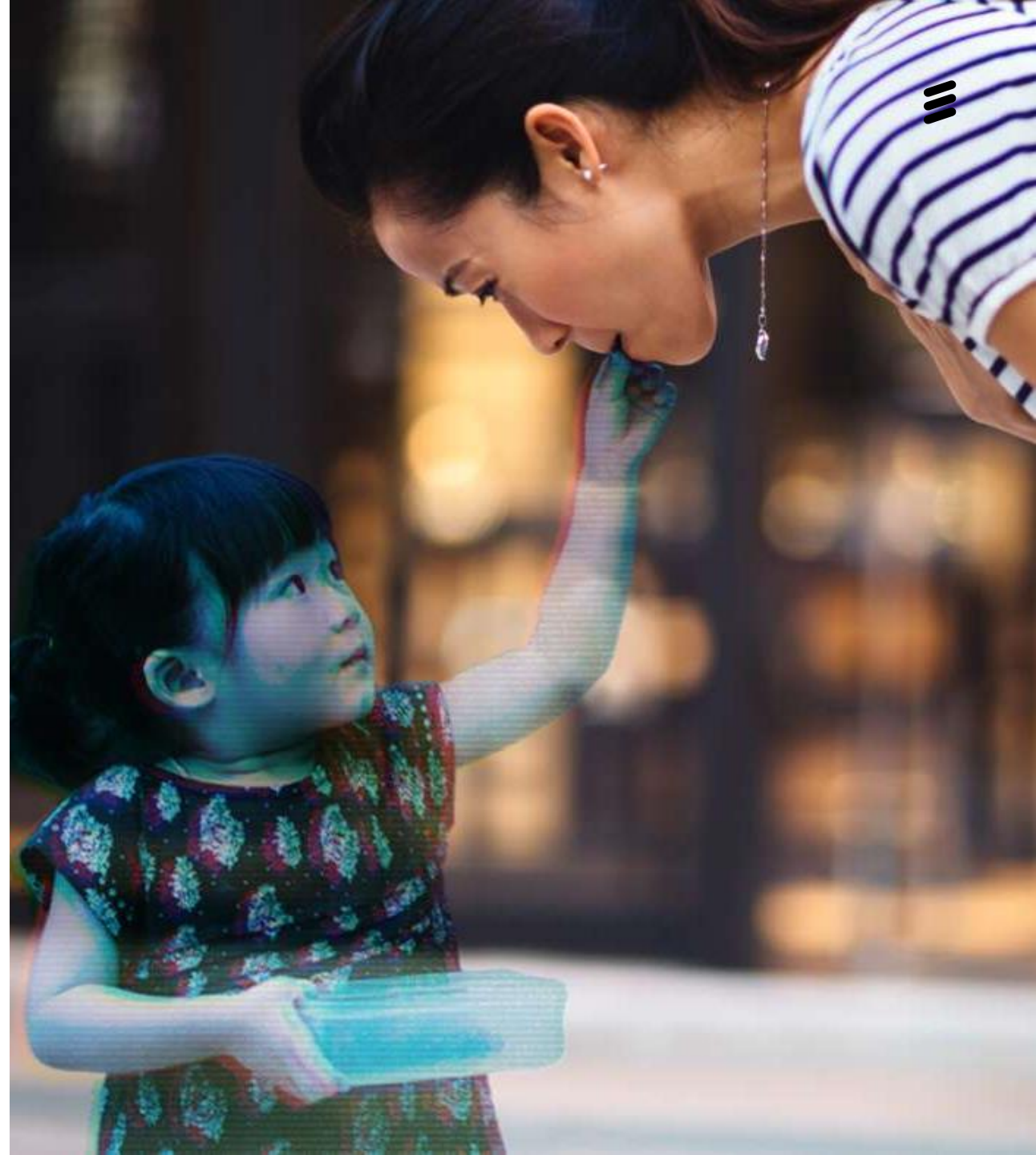
Ericsson Technology Trends 2020

Drivers

- A collaborative, automated physical world
- Connected intelligent machines
- The internet of senses

Enablers

- Limitless connectivity
- Network compute fabric
- Trustworthy infrastructure
- Cognitive networks



Ericsson strategy



Purpose and vision

Empowering an intelligent, sustainable and connected world.

Mission

Enabling the full value of connectivity for service providers.

Our customers' needs

New revenue streams

End-customer experience

Relentless efficiency

Our focus

Digital infrastructure...

Leadership in 5G, scalable, resilient and reliable networks and platforms, orchestration and business enablement
Superior efficiency and customer experience with automated, AI-based zero-touch operations and services

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..for Enterprise use

Solutions supporting digital transformation from IoT to dedicated and cloud native enterprise networks

Foundation

Technology leadership

Cost efficiency

Data-driven operations

Global skill & scale

Key takeaways



Ericsson R&D focus

SEK 40 b. in R&D

Strongest portfolio

5G – the innovation platform

Drives digital transformation

Future prepared

Ericsson leads into the future

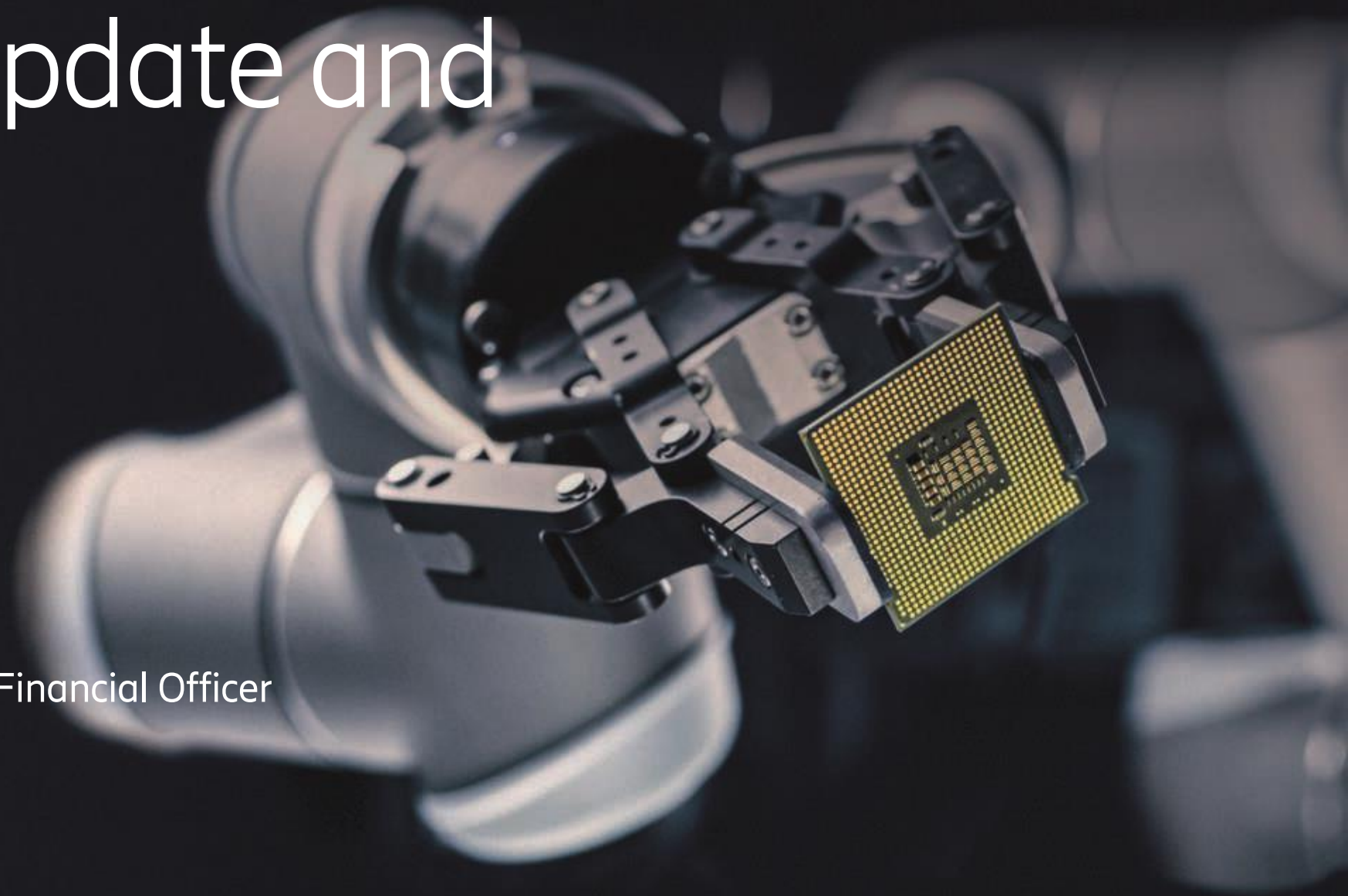
Consumer & enterprise focus

Everything connected

Financial update and targets

— Carl Mellander

— Senior Vice President, Chief Financial Officer





Solid foundation for the future

Value creation strategy

Targets



Solid foundation for the future

Value creation strategy

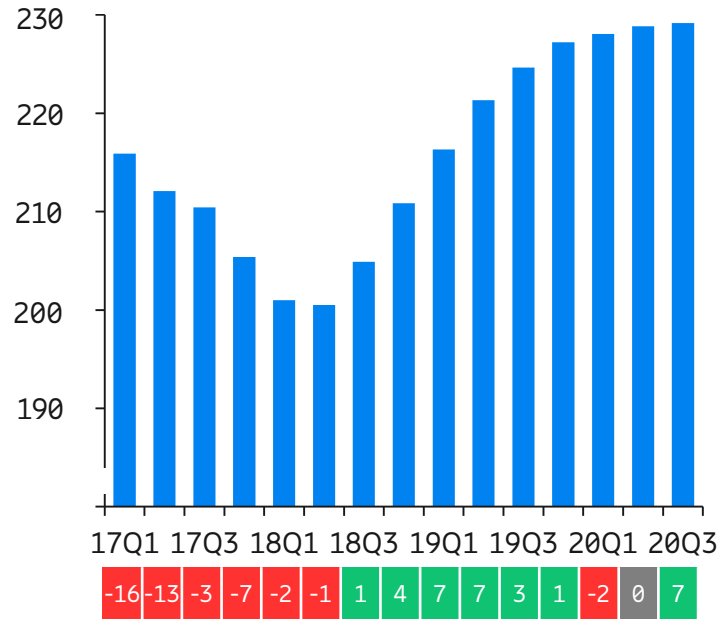
Targets

Ericsson turnaround journey since 2017



Net sales

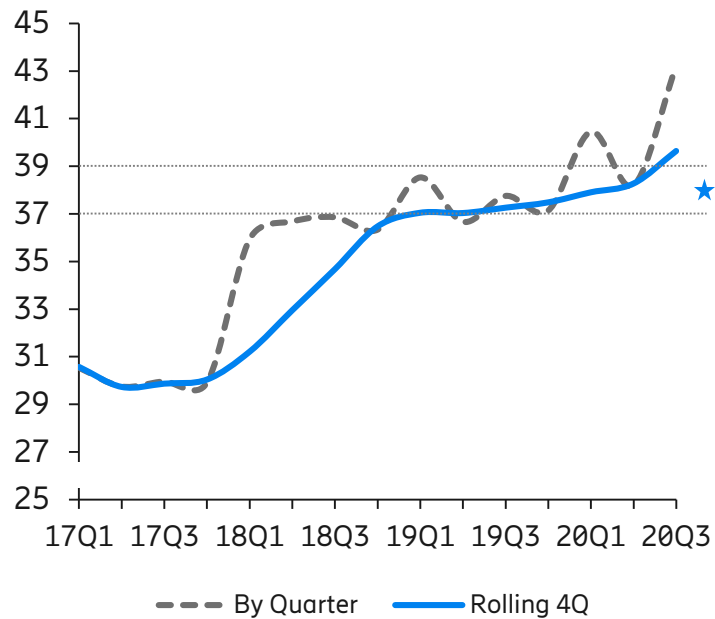
(SEK b. – Rolling 4Q)



YoY change in quarterly net sales adjusted to comparable units and currency (%)¹

Net sales turned to growth

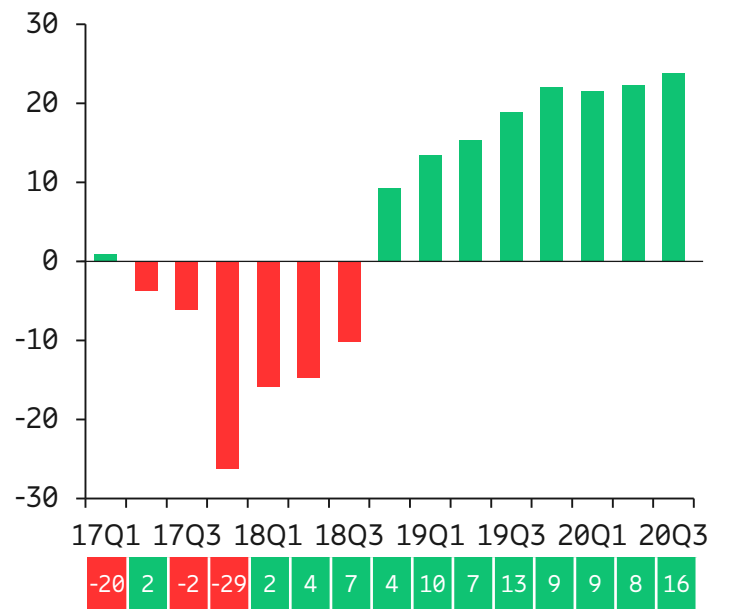
Underlying gross margin²



Solid gross margin improvement

Operating income³

(SEK b. – Rolling 4Q)



Isolated quarter operating margin (%) (excluding restructuring charges)³



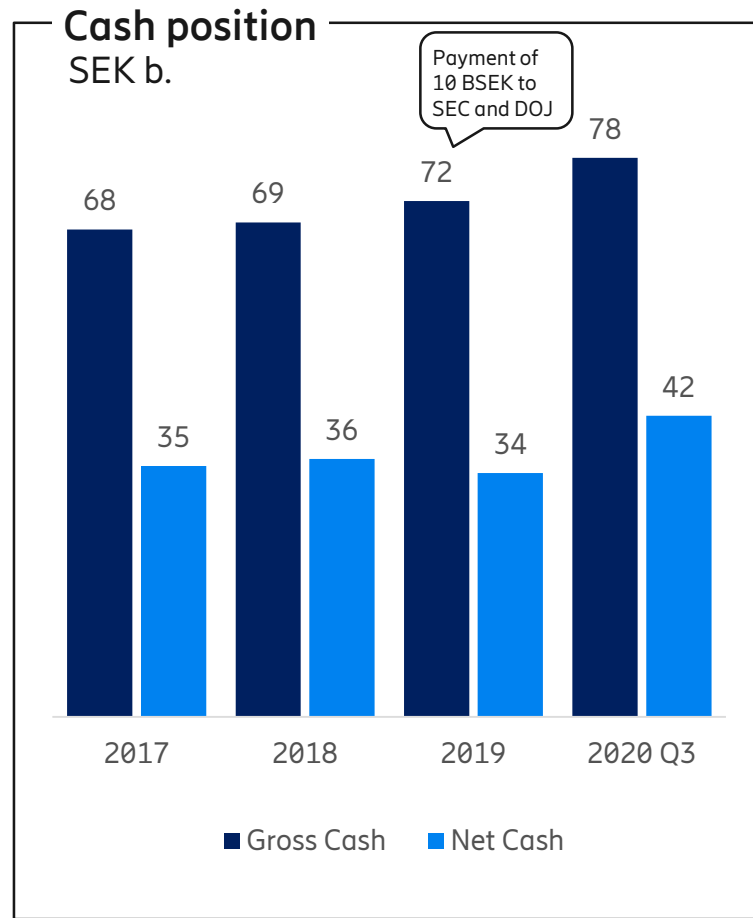
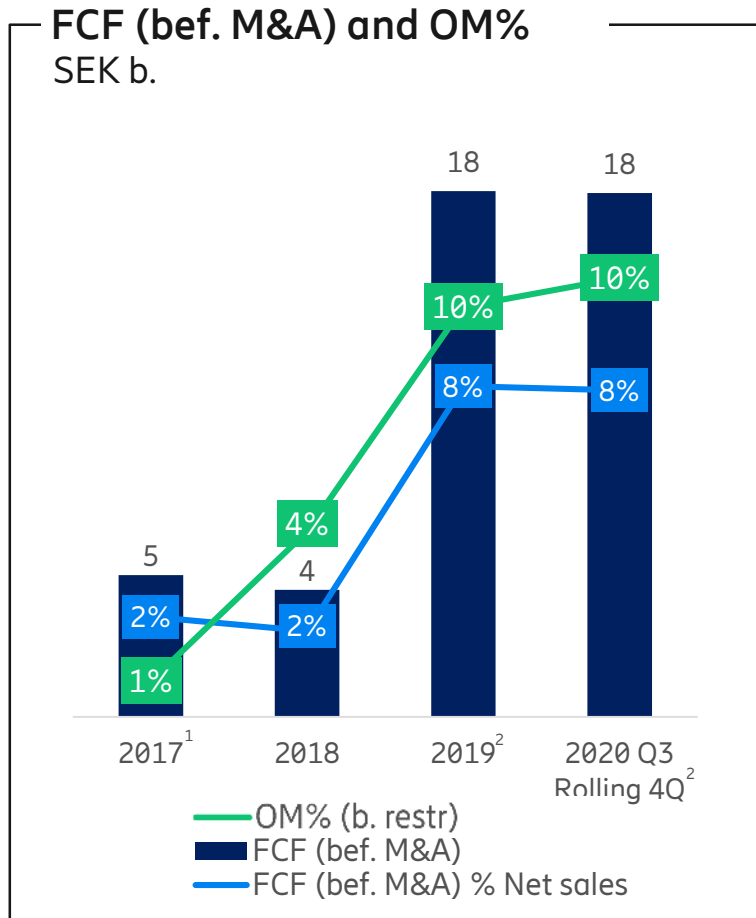
Strong profit improvement

²Gross margin excludes restructuring charges. 2017 excludes one-off items, 2018 Q4 adjusted for BSS strategy. 2016 and 2017 are not restated for IFRS 15

³2019 Q3 to 2020 Q3 operating income and margin exclude SEC and DOJ provision

¹2017 growth rates not adjusted for IFRS 15.

Growing profit converted into free cash flow



Rating

| Agency | Rating | Outlook |
|---------|-----------|-----------------------|
| Fitch | BBB- (IG) | Stable (Jul 2018) ↑ |
| S&P | BB+ | Positive (Sep 2019) ↑ |
| Moody's | Ba1 ↑ | Stable (Jun 2020) |

Strong cash flows and resilient capital structure enabling our strategy for value creation

¹2017 adjusted for restructuring charges and one-off items. 2017 is not restated for IFRS 15.
²Operating margin excludes restructuring charges and SEC and DOJ settlements, incl. the partial release of the SEC and DOJ provision (SEK 0.7 b.) in Q4 2019.
 Free cash flow before M&A exclude SEK 10.1 b. related to SEC and DOJ.

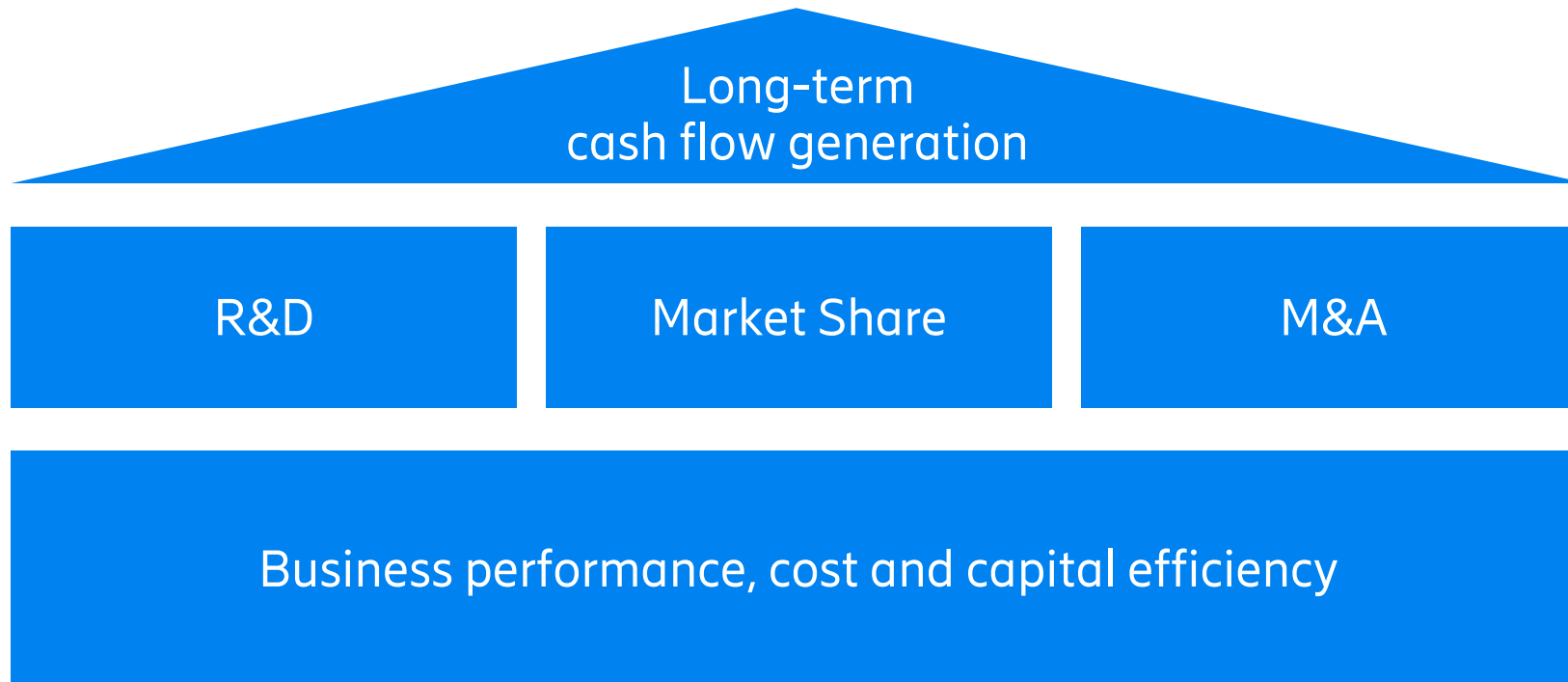


Solid foundation for the future

Value creation strategy

Targets

Value creation via performance and investment



Value creation mindset embedded into Ericsson's company culture

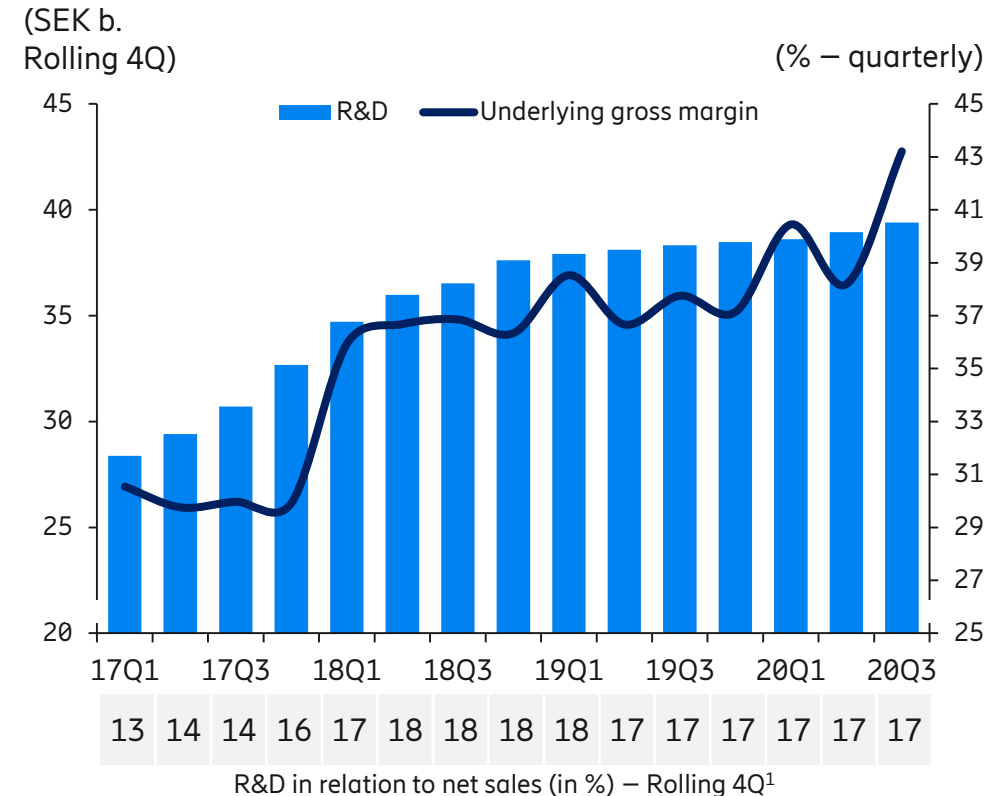
R&D investments – a key for sales and margin driver



Technology leadership

- Investments in R&D a key part of our focused business strategy
- Significant investments carried out in Ericsson Radio System (ERS) crucial to improved market share and gross margin
- From 17Q1 to 20Q3 (4Q rolling), we increased R&D by SEK 11 b.¹ and gross income grew by SEK 24 b.² during the same period
- Technology leadership yields future gross margin expansion in support of long-term targets

R&D¹ and underlying gross margin²



Clear sales and margin leverage from R&D investments

Market share gains by leveraging the technology shift and our competitive offering

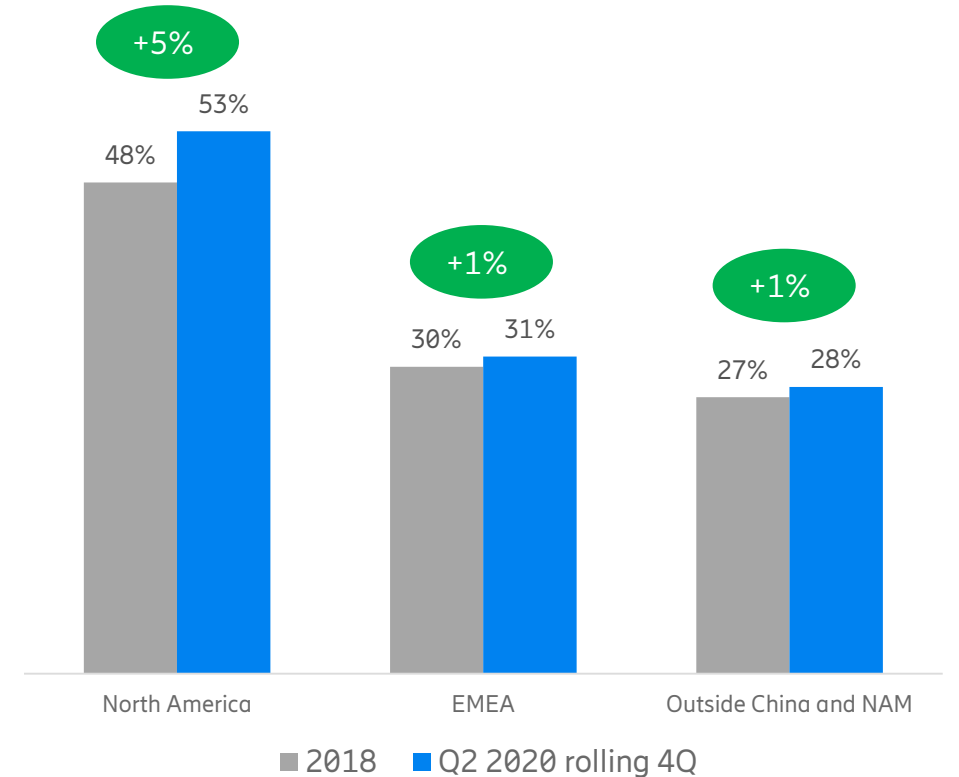


Market share gains through

- Leveraging the technology shift to 5G
 - Spectrum sharing and carrier aggregation
 - Credible long-term roadmap
 - Solid balance sheet supports R&D strategy
- Superior offerings with competitive TCO
 - Highly scalable
 - Simplified deployment
 - Reduced network operating costs
 - Higher energy efficiency
- Focusing on long-term value creating opportunities



Ericsson RAN market shares



Source: Dell'Oro and own estimates

Each opportunity stands on its own merit – Positive net present value (NPV)

M&A as long-term value creation lever



| | | |
|------------|---------------------------|---|
| Recent M&A | Cradlepoint | <ul style="list-style-type: none">— Market leader in Wireless WAN Edge 4G and 5G solutions for the enterprise market— Operates as a standalone subsidiary within Ericsson. |
| | Kathrein | <ul style="list-style-type: none">— Further enhancing the antenna offerings for 4G and 5G, with tighter integration between radios and antennas |
| Future M&A | Strategic & selective M&A | <ul style="list-style-type: none">— Strengthens existing portfolio |
| | | <ul style="list-style-type: none">— New markets close to core business |
| | Divestitures | <ul style="list-style-type: none">— Technology and competence <ul style="list-style-type: none">— Selective divestment opportunities of non-core businesses |

Disciplined end to end practice for M&A

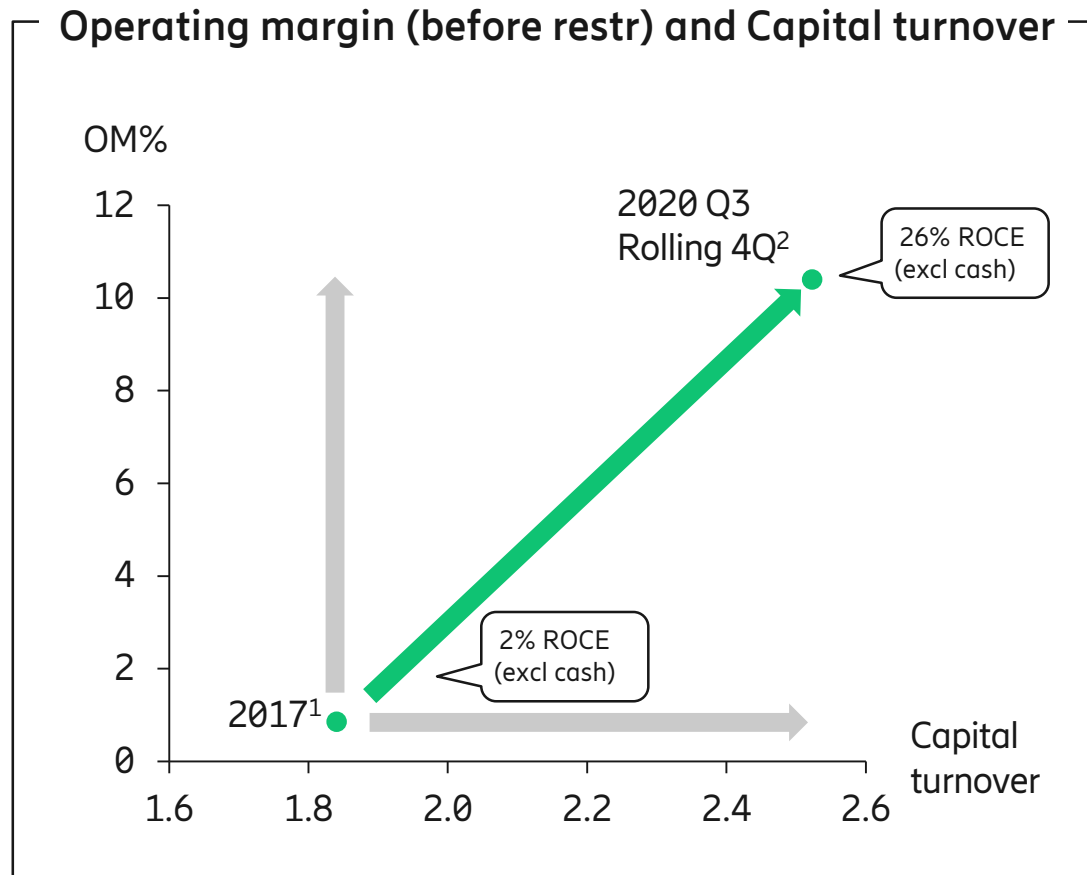
Strategy

Execution & integration

Follow-up & develop

- Continuously evaluated against other alternatives
- One M&A team managing the end-to-end process
- Careful due diligence and early integration planning
- Close follow-up post acquisition

Return on capital improvements from profits and efficiency



Key insights

Strong portfolio and economies of scale

Shorter lead-time from order to cash

Decision making based on value creation principles

Improved margins and capital efficiency through aligning incentives with strategy



Solid foundation for the future

Value creation strategy

Targets

Long-term targets

Financial and sustainability targets



| | |
|--------------------------------|--|
| Sales | Outgrow the market |
| | Baseline – >1% market growth |
| | Enterprise – 5G and IOT |
| | Market share gain |
| | M&A – Portfolio near |
| EBITA margin ¹ | 15%-18% of sales |
| | – EBITA more relevant for a growth strategy including M&A |
| Free Cash Flow (before M&A) | 9%-12% of sales |
| | – Efficient operations converting operating profit into free cash flow |
| Sustainability target | Carbon neutral by 2030 in own operations |
| | – Support limiting global temperature rise to 1.5°C |

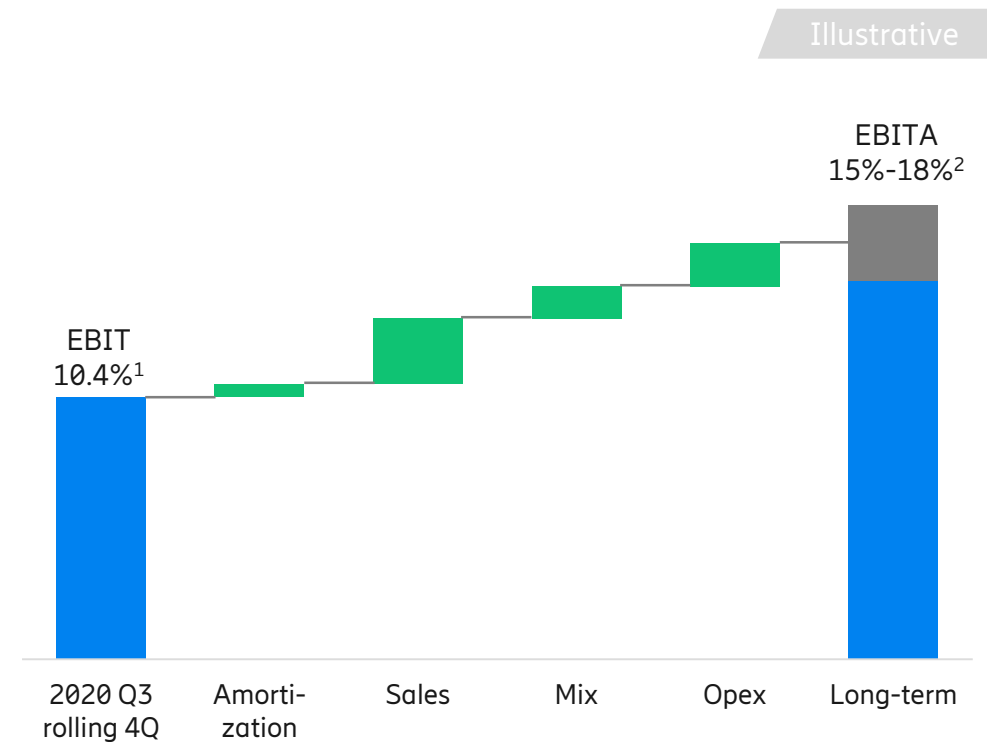
Long term financial target - EBITA margin



Key elements of profit improvement

- Sales growth mainly in EB&O, Networks and Digital Service
- Gross margin expansion mainly in Digital Service (software) and EB&O (Cradlepoint)
- Increase share of software sales and recurring revenues
- Opex declines as a percentage of sales – continued R&D investments
- From EBIT to EBITA: +0.5% effect on Group
- Continued efficiency improvements through further digitalization

Operating margin from rolling 4Q to long-term



Sales and mix expected be the main drivers to reach long-term targets

Long-term financial target – FCF before M&A



Bridge from operating income to free cash flow

Illustrative

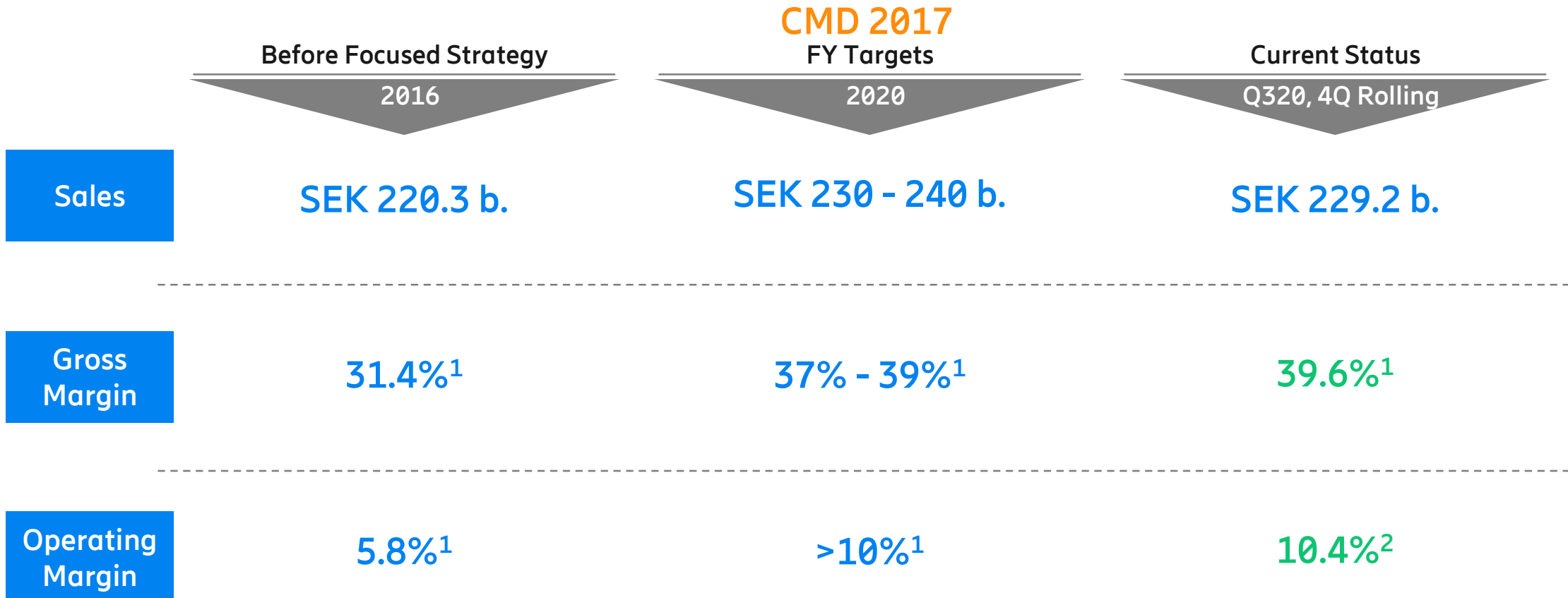
% of net sales

| | |
|--|----------------|
| EBITA¹ | 15%-18% |
| ⊖ Financial net, tax and other | -4%-5% |
| ⊕ Add back depreciation | +2%-3% |
| ⊕ Add back depreciation of leased assets | +1% |
| ⊕/- Change in working capital | -1% |
| ⊖ Capex | -2% |
| ⊖ Leasing payments | -1% |
| ⊖ Restructuring | -1% |
| ⊖ Free cash flow (before M&A) | 9%-12% |

Comments

- Focus on delivering high cash conversion from operating income
- Ongoing activities to reduce costs “below operating income”, including restructuring, financial net and tax
- Striving to maintain working capital efficiency but fluctuations may impact cash flow

Strengthened confidence in delivering on 2020 targets



Going into 2021



Networks



- Selective global market expansion based on technology and competitiveness
- Strong 5G momentum continues

Digital Services



- 5G business momentum will generate revenues in 2021 and beyond
- Increasing R&D investments in cloud native and automation to maintain leadership

Managed Services



- Continued volume decrease in a North American contract post-merger
- R&D investments in AI and Automation

Emerging Business & Other



- Continued growth in our IoT platform
- Cradlepoint contributing to growth related to Enterprise segment; -1%p impact on Group EBIT, where half is related to amortization of intangible assets

IPR

- Approaching important contract renewals – may see revenue gaps in 2021/22
- Confident in value of broad patent portfolio – maximize the net present value

Continue executing on our long-term plan

Target 2022 – Segment update

EBIT¹ 12-14% no later than 2022



| Segments | Rolling 4Q Q3 2020 ¹ | Investor Update 2019 2022 ¹ | CMD 2020 2022 ¹ |
|-----------------------------|---------------------------------|--|----------------------------|
| Networks | 17.0% | 15% - 17% ▶ | 16% - 18% |
| Digital Services | -7.0% | 10% - 12% ▶ | 4% - 7% |
| Managed Services | 7.4% | 8% - 10% ▶ | 9% - 11% |
| Emerging Business and Other | -41.9% ² | - | - |
| Ericsson Group | 10.4%² | <div style="background-color: #0070C0; color: white; padding: 5px; display: inline-block;"> Sum of the parts 12% - 14% </div> | |

| | |
|------------------------|---|
| Underlying assumptions | <ul style="list-style-type: none"> — USD to SEK 9.10 (9.50 at Investor Update 2019) — Managed Services addressable market: 2%-4% CAGR 2020 – 2022 (Source: External sources & Ericsson analysis) — Network: RAN equipment 1% CAGR 2020-2022 (Source: Dell’Oro) — Digital Services 1%-4% CAGR 2020-2022 (Source: External sources and Ericsson analysis) |
|------------------------|---|

¹Numbers exclude restructuring charges.
²Exclude restructuring charges and the partial release of the SEC and DOJ provision of (SEK 0.7 b.) in Q4 2019.
 This slide contains forward-looking statements. Actual result may be materially different.

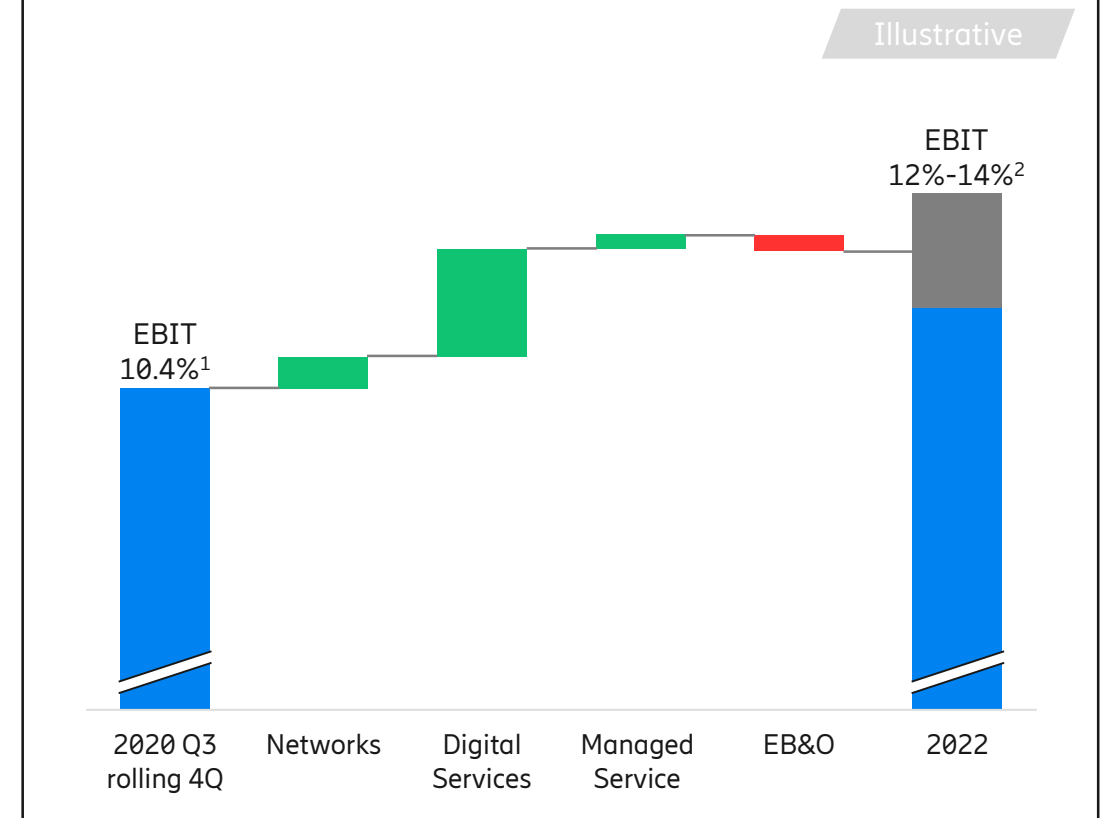
Bridge to 2022 targets



Activities going forward

- Networks delivering close to range – 17%
- Footprint improvement driven by 5G offering
- Digital Services still loss making
 - 5G core will drive sales
 - Higher software in mix
- Managed Services: Focus on margin expansion
 - Leverage R&D – AI and automation
- EB&O – initial margin dilution from Cradlepoint

Operating margin from rolling 4Q to 2022



Digital Services turnaround – main contributor to Group profitability improvement to 2022

Key takeaways


A dark, moody background image featuring a robotic hand holding a small, green microchip. The hand is metallic and has a complex, articulated structure. The microchip is rectangular with a grid of gold pins on one side. The overall scene is dimly lit, with highlights on the metallic surfaces of the hand and the chip.

Focus on delivering strong free cash flow

Disciplined capital allocation for long-term value creation

New long-term financial targets including 15%-18% EBITA margin

5G business and market opportunity in North East Asia

A close-up photograph of a robotic hand, likely from an industrial robot, holding a small, square microchip. The chip is mounted on a black carrier and has a grid of gold pins on its surface. The background is dark and out of focus, showing the metallic joints and segments of the robot's arm.

Chris Houghton
Senior Vice President and Head of Market Area
North East Asia

Competitive environment in North East Asia (NEA)

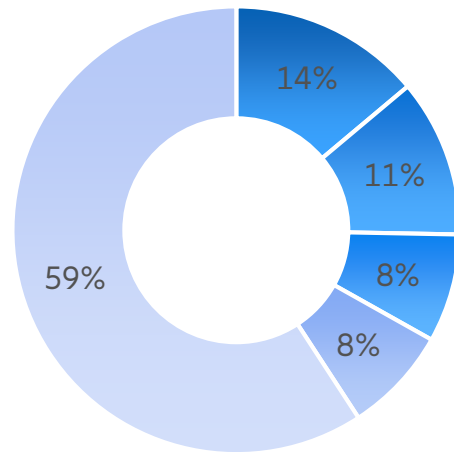
- Very early adopter of 5G, all NEA markets had launched 5G commercial service by Q2 2020
- 5G will provide extensive coverage of high-quality networks for consumers
- 150+ million terminals connected to 5G networks in China [as of Oct. 2020, source: MIIT]



5G accelerates IoT adoption in MNEA

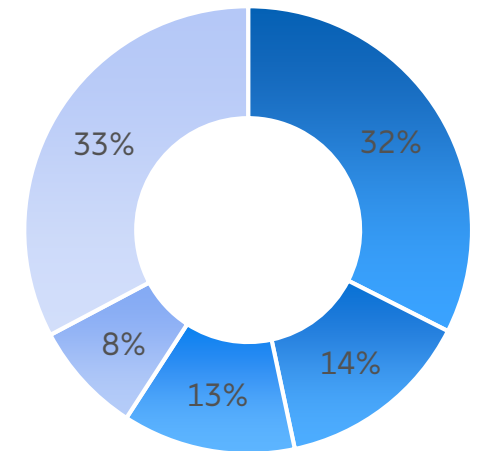


Japan & SK IoT Connections 2025



- Automotive
- Manufacturing
- Retail
- Public Sector
- Others

China IoT Connections 2025



- Agriculture
- Manufacturing
- Automotive
- Utilities
- Others

Source: GSMA
Source: ABI Research, IoT Market Tracker Japan & South Korea, April 2020

Source: GSMA
Source: ABI Research, IoT Market Tracker China, April 2020

GM-OnStar Connected Vehicles

CSP: China Telecom
Enterprise: GM-OnStar

As the Telematics Service Provider for SAIC-GM, OnStar Shanghai needed Connected Vehicle technology with telematics, navigation, rescue, security, hand-free voice, and infotainment with nationwide 4G/LTE data, VoLTE, IMS SMS. Ericsson's solution provides the connectivity making this possible for a total of up to 3 million subscriptions.

Global connectivity management

CSP: KDDI
Enterprise: Toyota

KDDI Global Communication Platform, powered by Ericsson IoT Accelerator, provides reliable Global Connectivity on single SKU, connecting to multiple operator networks across the globe in a transparent way, using Ericsson IoT Accelerator Multi Domestic Service (eUICC). KDDI has successfully launched global connectivity service in the key markets for Toyota in 2019, and is expanding global coverage, targeting all of Toyota's connected vehicles.

Fujitsu partnership for private networks

Fujitsu re-sells Ericsson's Private Network solution with value-add, such as system integration and radio network tuning. Enterprise customers use it for private networking, including in factories, using a licensed local 5G radio spectrum in Japan. Fujitsu also plays an SI role for private networking of Ericsson solutions on a global basis.

Key takeaways

A robotic hand is shown holding a small, square microchip with a grid of gold pins. The background is dark and out of focus, showing parts of the robot's arm and joints.

Operators in North
East Asia will build
extensive 5G
networks

Operators aim to
realize the 5G
opportunity in
connecting industries
and enterprises

Ericsson is well
positioned

Partnering to capture the enterprise opportunity in North America

Niklas Heuveldop
Senior Vice President and Head of Market Area
North America

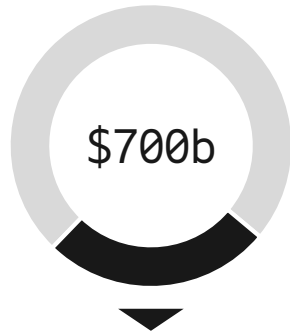


The market opportunity



Global CSP 5G-enabled B2B opportunity¹

2030



\$39b

CSP opportunity

16%²

cost reduction via remote patient monitoring & wearables

88%²

Providers researching, piloting, planning, or already remotely monitoring patients with IoT devices

North America CSP 5G-enabled B2B opportunity¹

2030



\$35b

CSP opportunity

6%

margin increase with 5 core use cases

22%³

of CO2 emissions in the U.S. accounted for by industry



\$22b

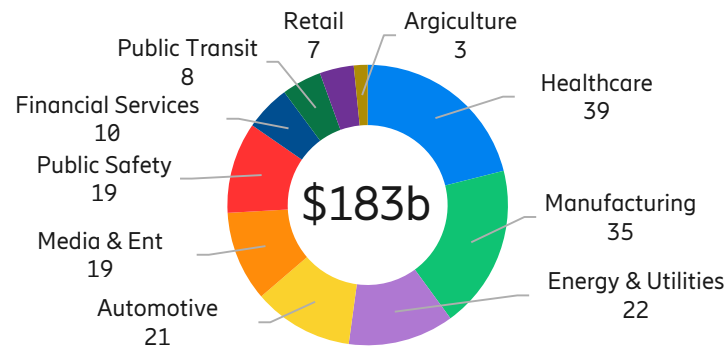
CSP opportunity

\$200

saved per technician trip by installing smart meters

85%⁴

of renewable energy by 2050



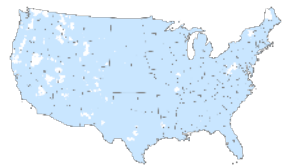
Source: (1) Ericsson, Arthur D. Little, (2) AT&T, (3) EPA, (4) UN estimate

Accelerating the buildout of the 5G Innovation Platform



5G network platform is under construction across all three spectrum bands

Illustrative

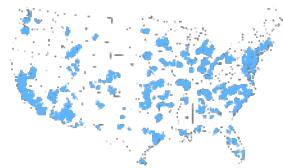


Low band

Pop coverage: ~250M

Cities: ~7,500

Live networks: 3



Mid band

Pop coverage: ~100M (EoY)

Cities: ~410 (EoY)

Live networks: 1



High band

Pop coverage: Limited

Cities: 71

Live networks: 96¹

Ericsson has been instrumental in addressing 5G deployment challenges

Challenge

Limited availability of mid band spectrum

Complex and time-consuming zoning & site permitting

Limited availability of tower technicians

Ericsson value prop



Dynamic spectrum sharing



US 5G Smart Factory



5 centers of excellence

Ericsson rewarded with market share gains

1 RAN provider

53%

Market share (2Q'20); +6% gain in last three years

1 Mobile core provider

36%

Market share (2Q'20); +17% gain in last three years

Note: 1) Provider-city combinations

Source: Ericsson, Dell'Oro 2Q20 Mobile RAN Share Report; Dell'Oro 2Q20 Mobile Core Report

© Telefonaktiebolaget LM Ericsson 2020 | Ericsson Capital Markets Day 2020, Nov 10 | Page 57

Partnering to accelerate innovation with our customers

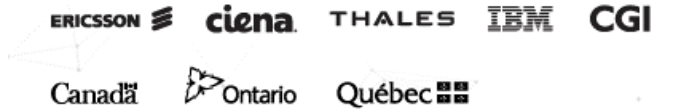


40
Live 5G testbeds

Started in June 2017, providing 5G "network on wheels" to power 5G use case trials in different industry partners labs



| | |
|---------------------------|--|
| 5 innovation hubs | 500+ small & medium enterprises |
| \$400m partnership | 7 Canadian CSPs |



Example



5G "network on wheels" in Penske garage using live video analytics for race prep

Example



Private Cellular Networks on CBRS with Ericsson Industry Connect

Example



Longan Vision AR-enabled Smart Visor

Ericsson US 5G Smart Factory



5G Radio production

Bring 5G radio volume production to the USA to meet demands of growing market.

Automated production

Maximize automation throughout the production process to reduce manual processes and allow for 24/7 operations.

Proximity to customers

Operate close to some of Ericsson's largest customers to expedite product delivery and enable 5G applications.

5G Smart Factory showcase

Showcase the application and usage of 5G technology through interactive and automated features.

Optimized processes

Strive for efficient and effective processes, while securing long lead-time competencies and New Product Introduction.

Enhanced sustainability performance

Integrate sustainability in smart factory design and operations to reduce environmental impact and drive positive societal benefits.

Sample use cases



End-to-end digital thread for radio production



Augmented reality for remote support



Drones for outdoor security operations



Energy monitoring and management



Environmental monitoring



Digital material tracking and visualization

Key takeaways

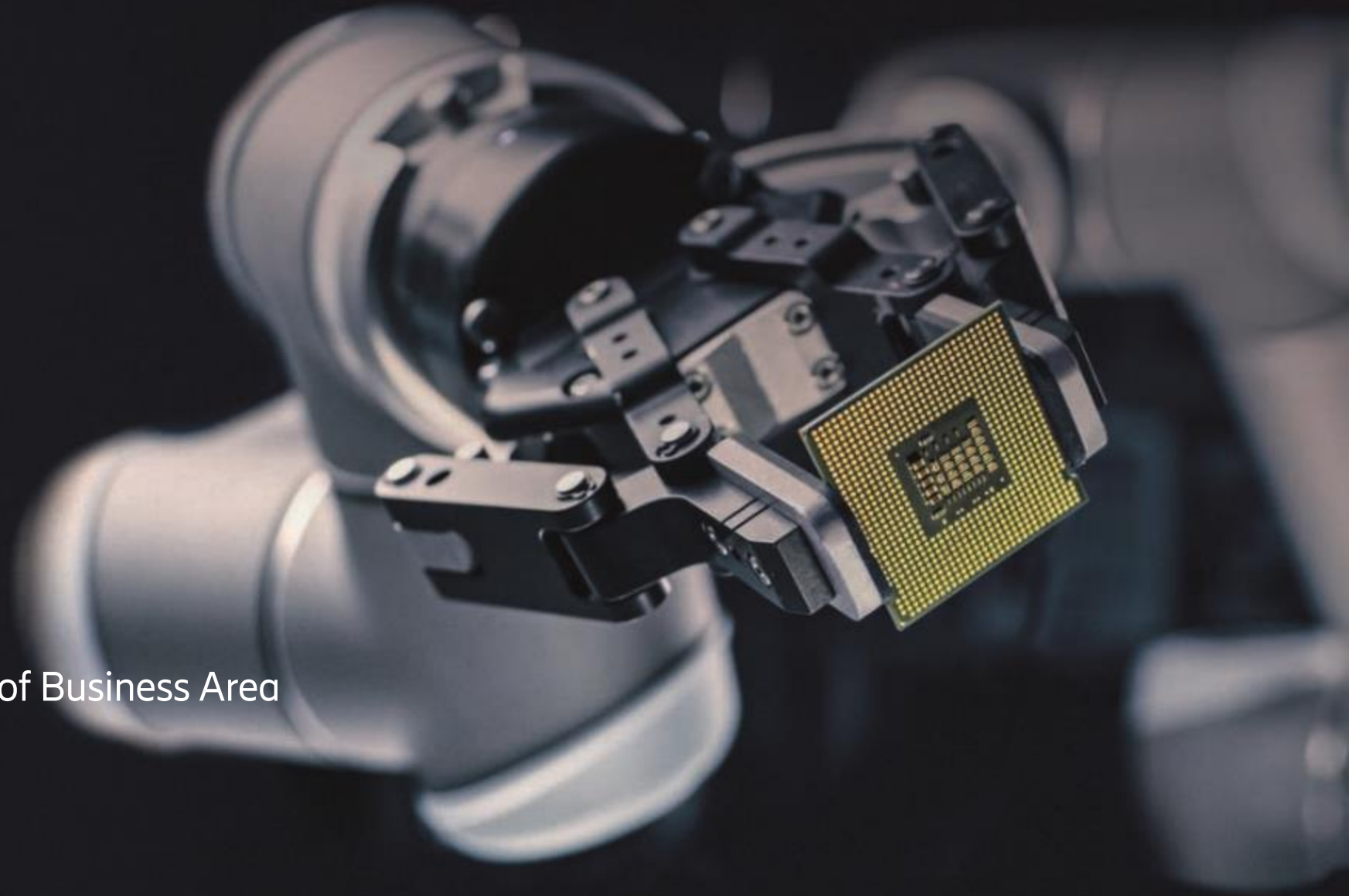
A robotic hand is shown holding a green microchip. The background is dark and out of focus, showing parts of the robot's arm and joints. The text is overlaid on the image.

We partner with our customers to accelerate the build of the 5G innovation platform across North America

We partner with our customers to accelerate the digital transformation of industries and the public sector

Networks

Fredrik Jejdling
Executive Vice President, Head of Business Area
Networks



Strategic priorities 2022 and long-term



Most important activities to reach 2022

Invest in technology and cost leadership

Selective market expansion based on technology and competitiveness

Use-case driven network expansions leveraging network investments

Most important activities to reach long-term ambition

Establish 5G as the connectivity platform for enterprise

Continue build-out and densifying 5G as critical infrastructure for economic development

Lead and orchestrate the standardization and evolution of mobile networks

Agenda



5G market and Ericsson performance

Market leadership long-term

Execution and financial outlook

Agenda



5G market and Ericsson performance

Market leadership long-term

Execution and financial outlook

First 18 months of 5G in numbers



5G is the fastest growing mobile technology generation

- 190M 5G users expected by end of 2020 (2.8B subs by 2025*)
- 112 live 5G networks across all vendors globally

5G performance is a prerequisite to realize future use-cases

- Consumer: automotive, entertainment, gaming & VR
- Business: smart manufacturing, automation & robotics, advanced healthcare

Next step in the 5G journey is standalone deployment

- Based on Carrier Aggregation and Dynamic Spectrum Sharing, 5G SA is the service-based architecture enabling agility and faster innovation
- Transformational aspects of 5G: slicing, distributed cloud, URLLC

69

Live 5G networks powered by Ericsson

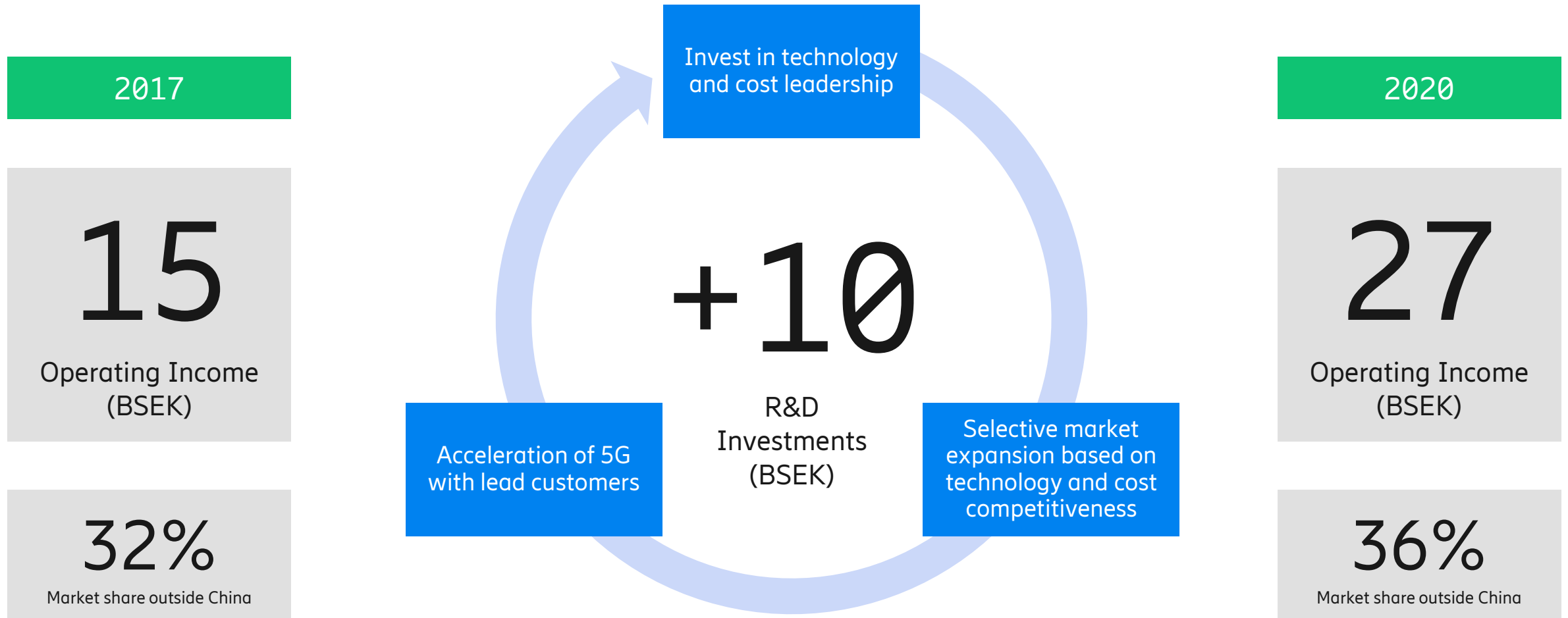
+29%

Higher throughput vs. next best competitor**

1st

5G Standalone network launch

R&D as core of Networks value creation



Agenda

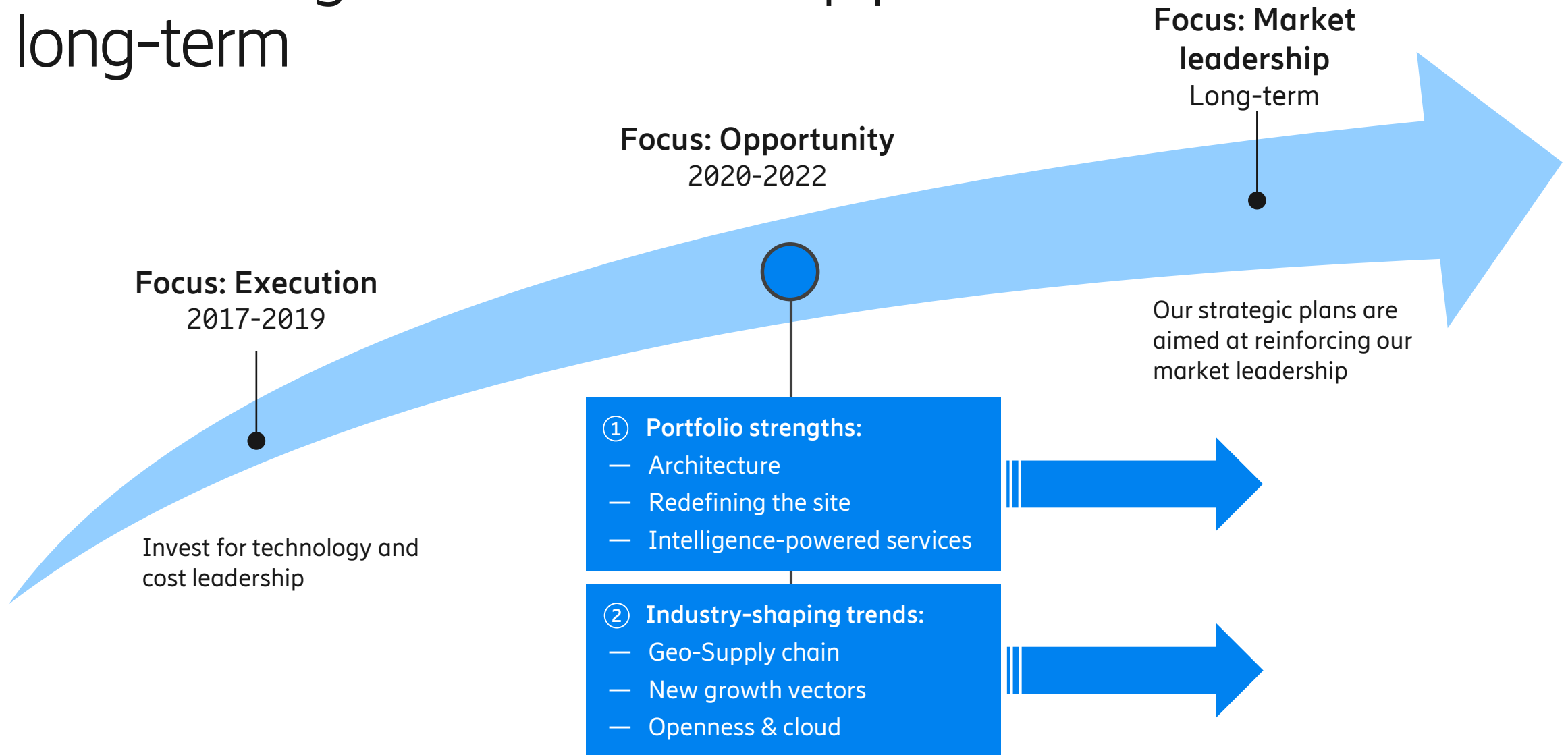


5G market and Ericsson performance

Market leadership long-term


Execution and financial outlook

Maintaining market leadership position long-term





Technology areas enabling us to compete






Antennas & Wide Band Technologies



Algorithms & System Simulations


Industrialization & Modularity

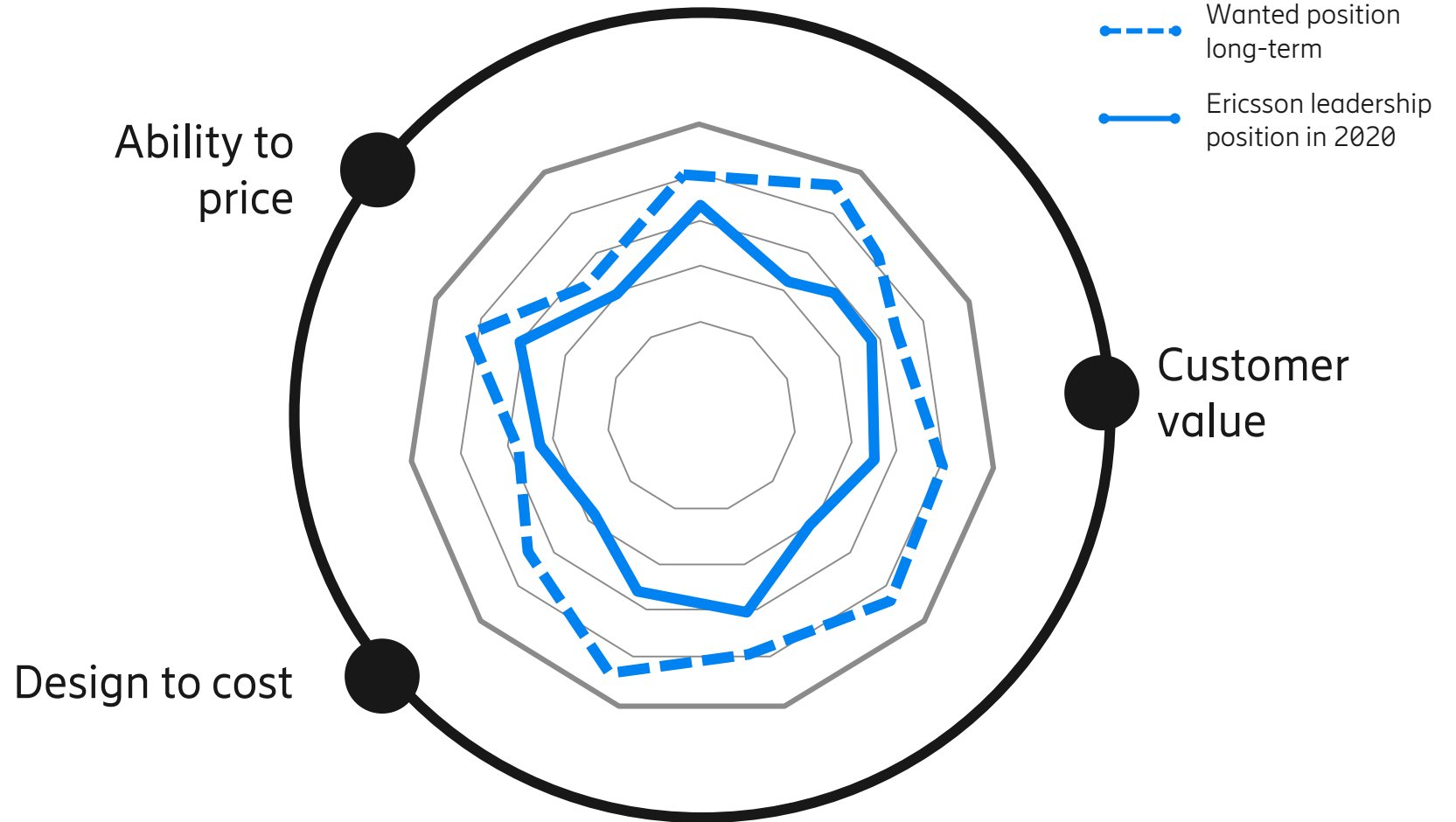

Functionality Rich & Efficient SW


Custom Silicon & Embedded Processing


Serviceability & Automation


Architecture, Cloud & Virtualization


Network Wide Security

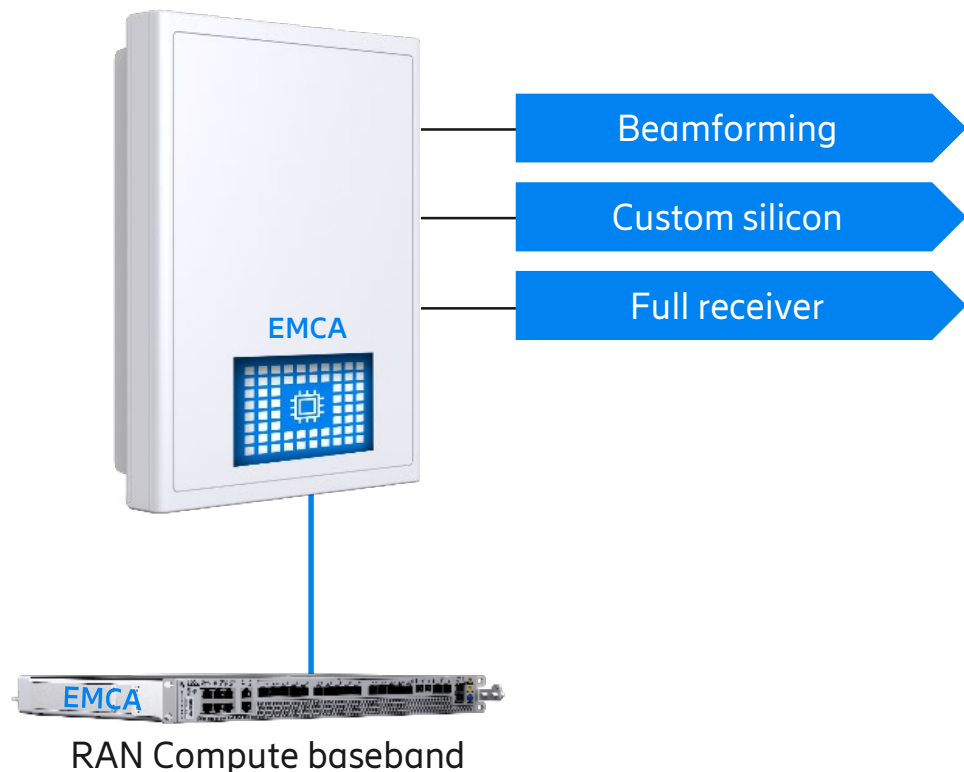




Leading in 5G uptake

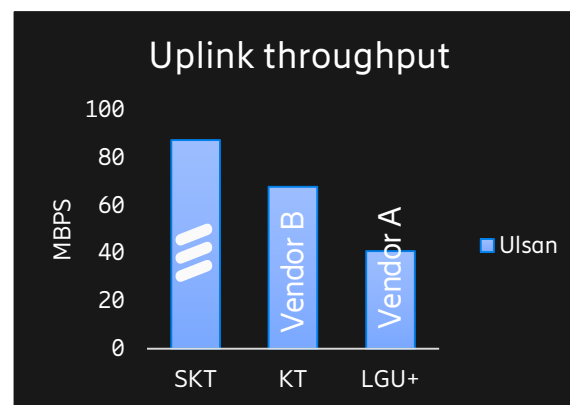
Ericsson unique Massive MIMO

Architecture



Unique advantages

29%
Better uplink performance than closest competitor



Nationwide coverage with extended capacity

Carrier Aggregation

Ericsson Spectrum Sharing

Resilient supply chain

Increasing global and local flexibility



Our approach

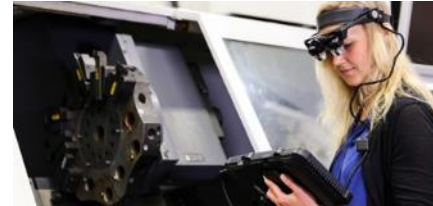
Ensuring business continuity for our customers through flexibility in supply, sourcing and R&D



Supply

Increased our global supply flexibility

Working close to customers to respond quickly to market and customer needs



R&D

Global R&D with cutting edge competence centers across the world

Continuous review of R&D locations in line with business needs and market realities



Sourcing

Working with global supplier base of more than 20,000 suppliers, with focus on creating strong industry ecosystem



Service Delivery

Increased remote service delivery capabilities to support customer needs

5G an enabler for growth



Fastest growing mobile generation

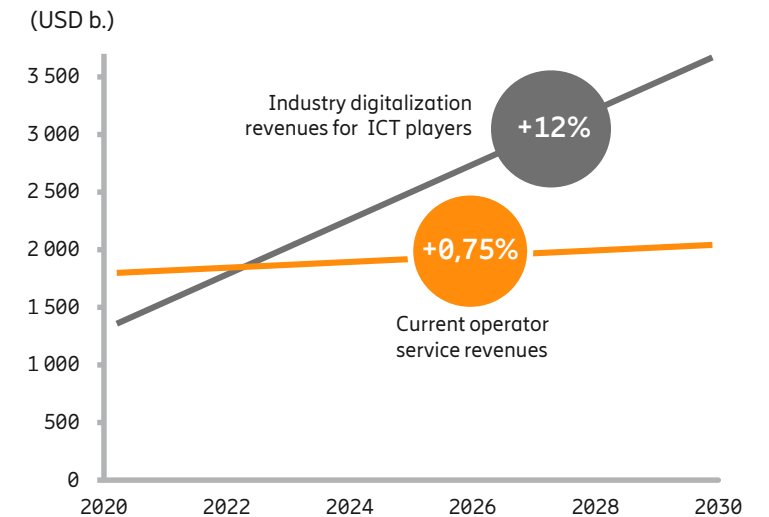
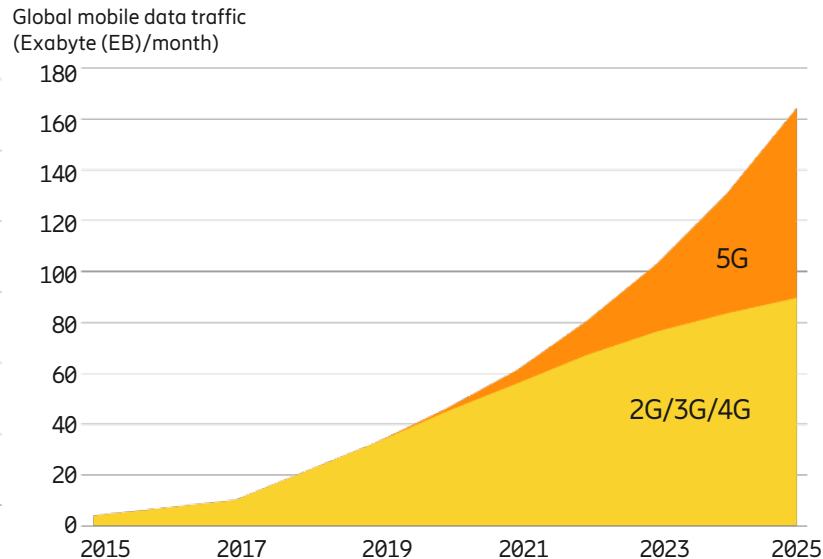
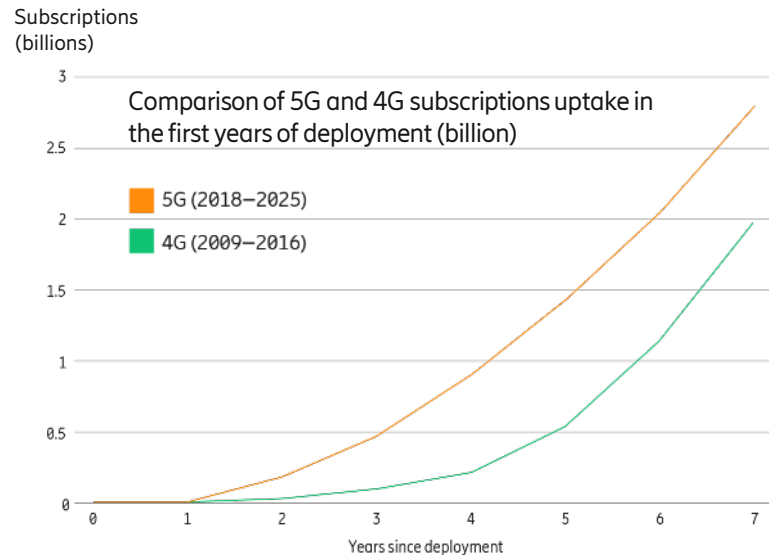
- 5G uptake significantly faster than LTE, 1.5-2 years ahead in adoption
- Key factors are China's faster launch vs. LTE, and availability of handsets

Mid-band densification

- Data traffic to grow 5x times until 2025
- Increased speed and bandwidth requirements will require significant mid-band densification

5G for industry

- Global digitalization opportunity for industries to grow 12% CAGR to 2030
- Cloud RAN is a simplified solution to target the industry build-out scenarios



Source: Ericsson Mobility Report, June 2020

Source: Ericsson Mobility Report, June 2020

Source: Ericsson and ADL, May 2020

Cloud RAN for business



- Add more versatility in network build-outs
- Achieve greater scalability and pooling options
- Address enhanced mobile broadband applications



Enterprise / Industry



Macro deployments



Data center



Indoor/small cells

Our view on evolving RAN architectures



- Standardized and open interfaces to gradually evolve, with 100 open interfaces in 3GPP today
- Focus on multi-domain orchestration and virtualization as foundation for openness
- Embracing cloud architecture as a complement to high-performing purpose-built solutions/networks
- Introduced Ericsson Cloud RAN, a cloud-native Open RAN solution enabling RAN SW on COTS HW
- Two main RAN segments initially:
 - End-to-end integrated solutions addressing demanding high-performance use cases
 - Multi-vendor solutions for less demanding applications, i.e. indoor (incl. certain enterprise scenarios), and rural
- O-RAN will continue to evolve; limited uptake starting from 2023, and interoperability and IPR challenges need to be resolved

Agenda



5G market and Ericsson performance

Market leadership long-term

Execution and financial outlook

Execution and financial outlook



Strategic priorities

Invest in technology and cost leadership

Selective market expansion based on technology and cost competitiveness

Use-case driven network expansions at lowest marginal cost

Cross-functional Strategy Execution

Win the technology race

Deliver a leading portfolio in time for market need

World class development

Enable industry-leading R&D efficiency and effectiveness

Compete on value

Capture the full market value of our investments

Next-gen Supply and Services

Transform the customer experience from supply to delivery

Sourcing excellence

Leverage our supplier ecosystem to create business value

Strategic ambition

We shall create highly scalable, cost competitive, modular platforms consisting of products, services and solutions that offer our customers lowest total cost of ownership, highest quality, best user experience and use-case driven network expansions at lowest marginal cost.

Financial ambition Networks segment

| BSEK | Q4 R12M | 2020 TCK | 2022 TCK |
|------|---------|----------|----------|
| NS | 161 | 161-164 | |
| OM | 17% | 15-17% | 16-18% |

Key takeaways

A dark, monochromatic background image featuring a robotic hand holding a small, square microchip with a grid of gold pins. The hand is positioned in the center-right of the frame, and the chip is held between its fingers. The lighting is dramatic, highlighting the metallic surfaces of the hand and the intricate details of the chip.

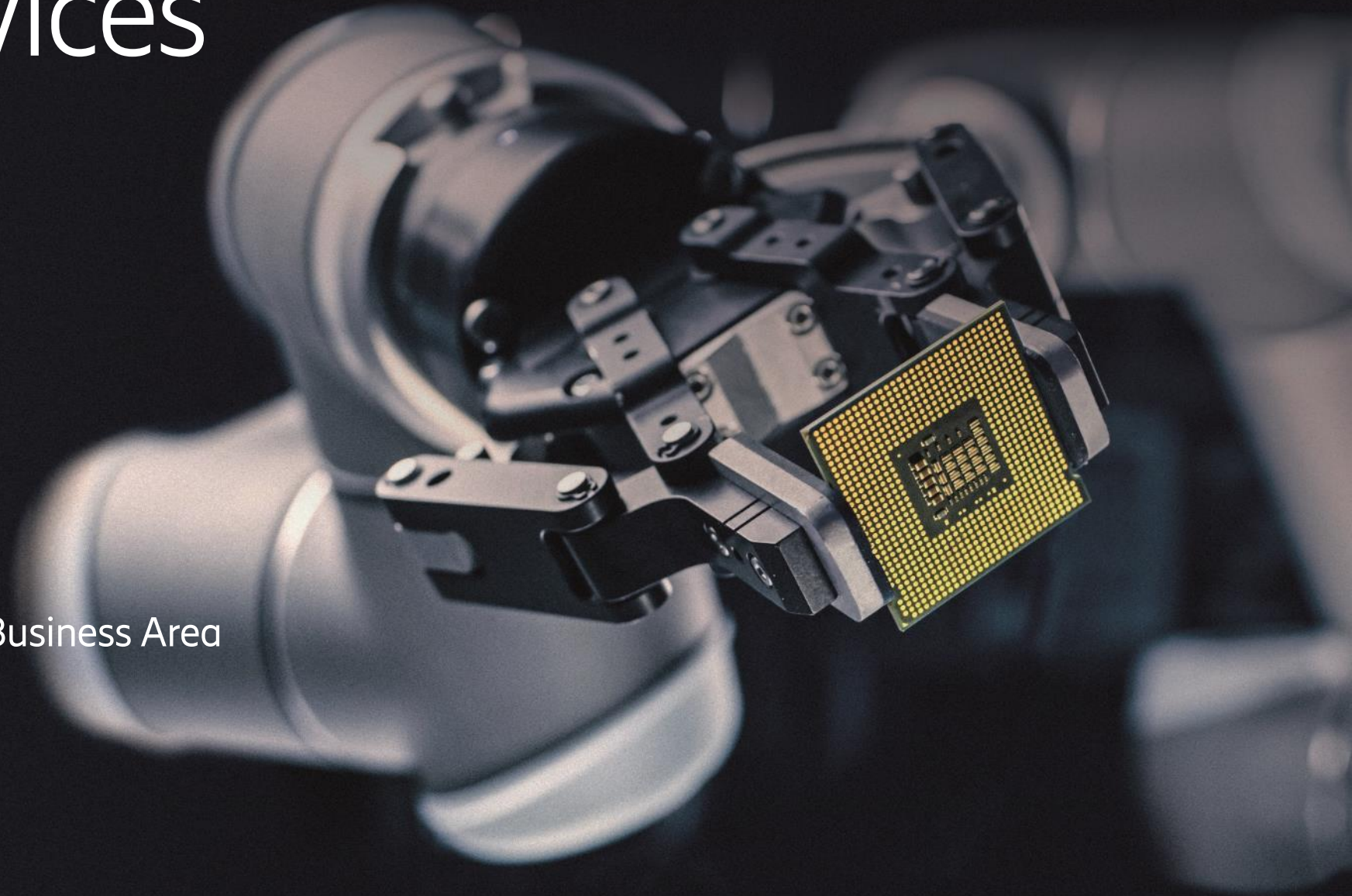
Ericsson is in the lead in 5G, the fastest growing mobile generation ever

We continue to invest in value creating technology for the benefit of our customers and Ericsson

We take an orchestrating role in the evolution of mobile networks

Digital Services

Jan Karlsson
Senior Vice President, Head of Business Area
Digital Services



Agenda

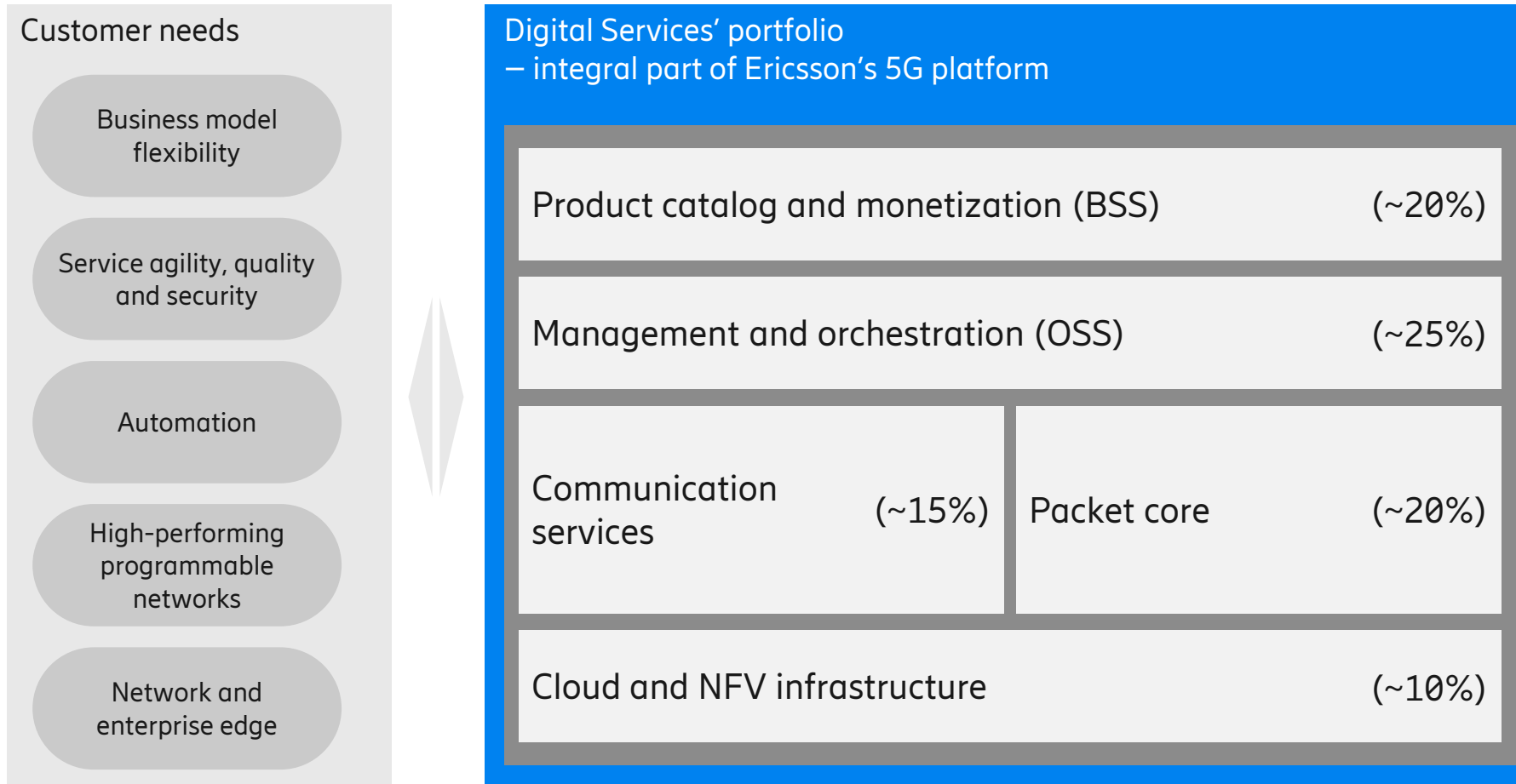


Execution achievements

Strategic priorities 2022 and onwards

Financial journey mid- and long-term

Central to customers' 5G platform for consumer and enterprise business



(x%) = 2020 Q3 rolling 4Q revenue share (excl IPR, consulting and learning services)

Agenda

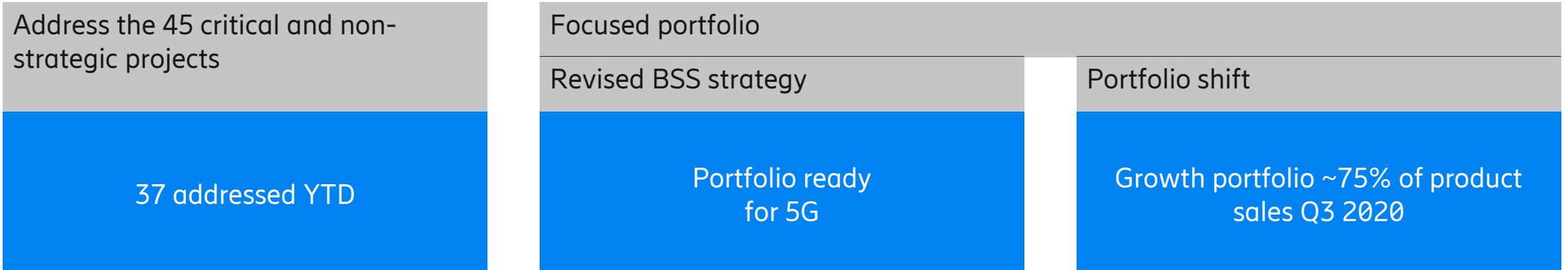


Execution achievements

Strategic priorities 2022 and onwards

Financial journey 2022 and onwards

Strategy execution – progress



Business traction¹



¹Q3 2020 rolling 4Q, ²5G EPC and 5GC contracts

Approaching streamlined software-based business



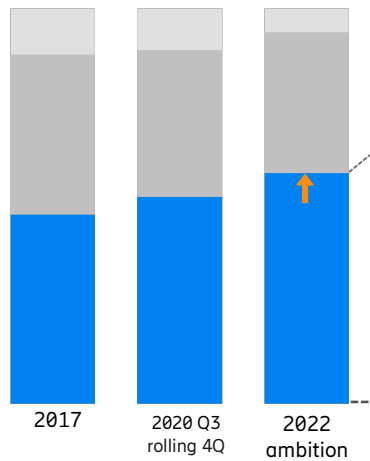
Transforming business and operations for software-based and industrialized solutions and automation across the portfolio

- Improving commodity mix
- Increasing recurring revenue

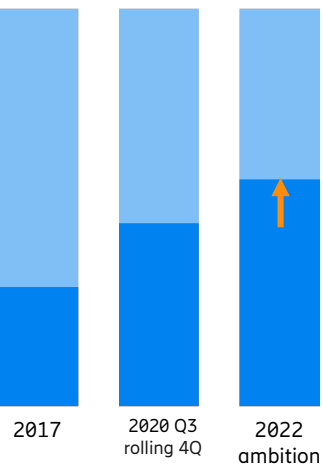


Improved gross margin

Commodity mix



Increasing recurring revenue



Illustrative

Gross margin rolling 12 months¹

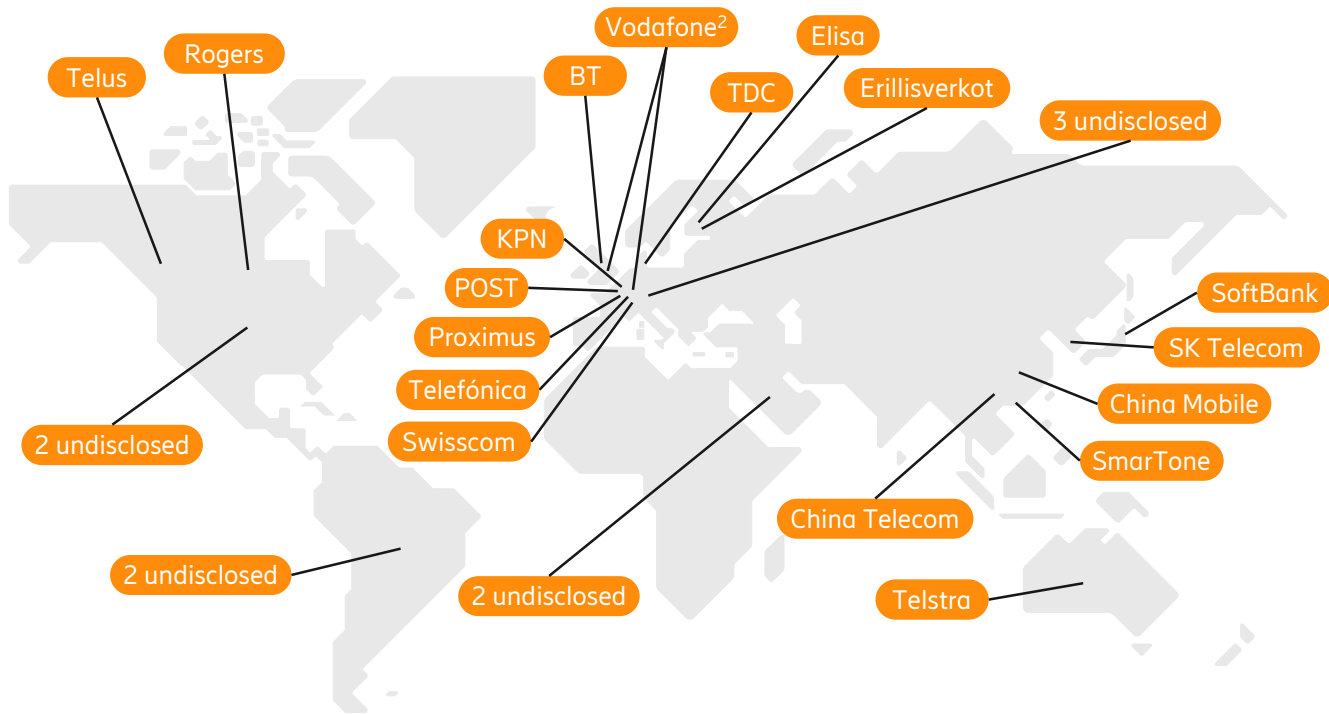


¹ Gross margin excluding restructuring charges. 2017 excluding restructuring charges and SEK 5,7 b. in impairments and write downs. 2018 excluding restructuring charges and SEK 2,8 b. in impairments and write downs.

Ericsson's cloud native maturity underpinning market share gains



To date ~30¹ 5G standalone core (5GC) contracts



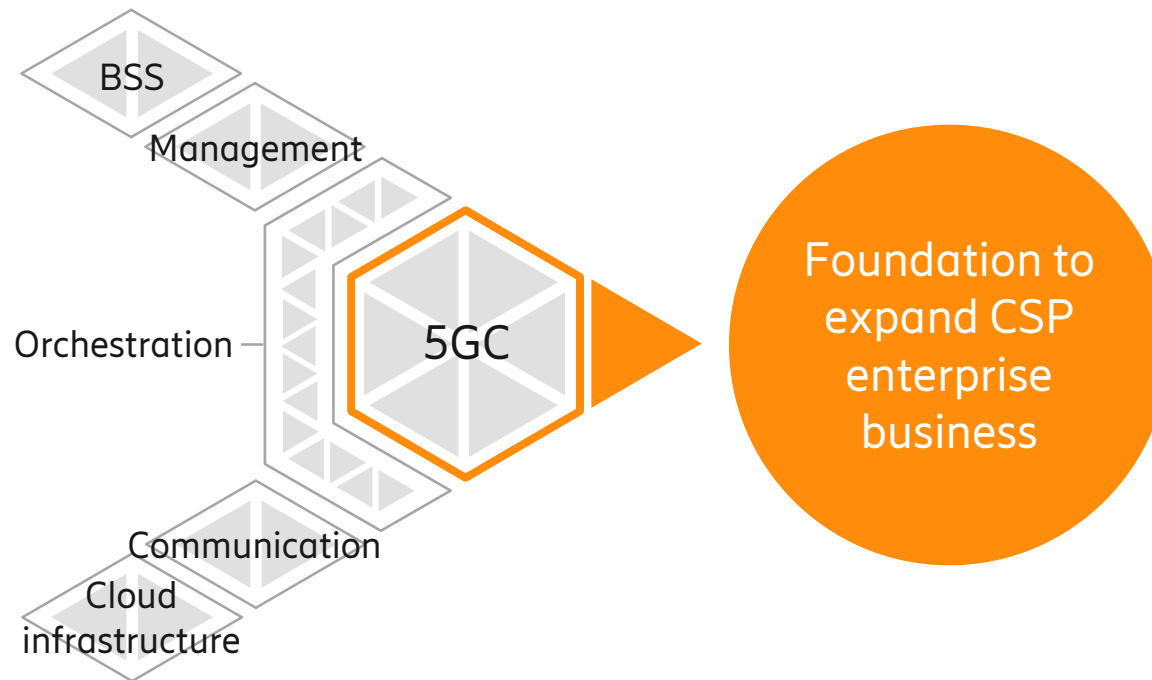
¹End of October 2020. ²Early launch contracts.

Container-based cloud native core has put us ahead of competition

Market share gains (4G and 5G)

| | |
|----------------|------------------|
| Japan, Korea | Gain |
| North America | Significant gain |
| Western Europe | Significant gain |

5G core beachhead for attached sales



Agenda



Execution achievements

Strategic priorities 2022 and onwards

Financial journey mid- and long-term

Strategic priorities 2022 and long-term



| | 2022 | Long-term |
|------------|---|--|
| Business | <ul style="list-style-type: none">• Grow revenue through 5G core and attached sales with increased share of software revenue and recurring business | <ul style="list-style-type: none">• Captured 5G enterprise value with leading customers |
| Portfolio | <ul style="list-style-type: none">• Strategic investments in cloud native and automation to maintain 5G leadership | <ul style="list-style-type: none">• Evolved portfolio enabling customers' 5G enterprise business |
| Operations | <ul style="list-style-type: none">• Accelerate transformation towards software-based and industrialized solutions | <ul style="list-style-type: none">• Full adoption of cloud native with CI/CD and automation |

Agenda



Execution achievements

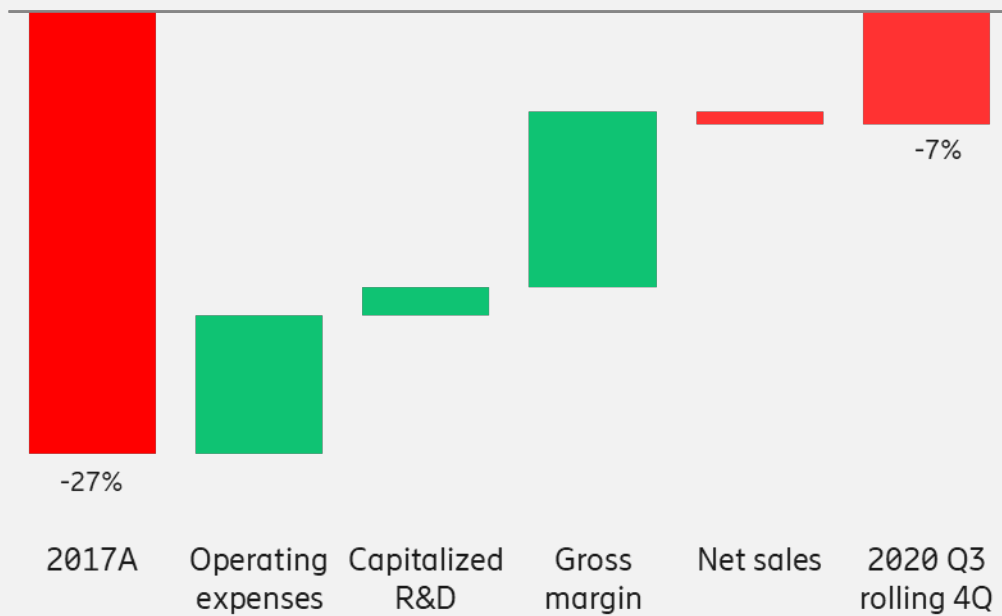
Strategic priorities 2022 and onwards

Financial journey mid- and long-term

Operating margin development

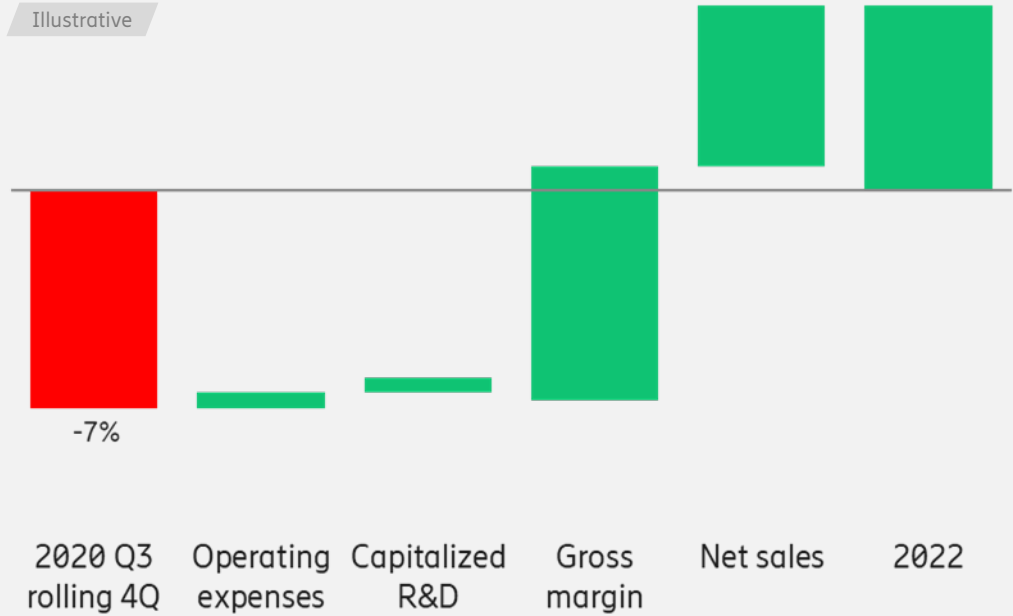


Progress to date 2017-2020 Q3 rolling 4Q¹



Wanted position

2022:
Operating margin: 4-7%



¹Operating income and margin excluding restructuring charges. 2017 excluding restructuring charges and SEK 14.5 b. in impairments and write downs.

Key takeaways



Central to customers' success – right strategy and technology choices made

Revenue from 5G deals in 2021 and beyond

Continued margin improvements through planned change in business mix

Managed Services

A close-up, artistic photograph of a robotic hand holding a microchip. The hand is metallic and complex, with various joints and components. The microchip is square with a grid of gold pins. The background is dark and out of focus, showing other parts of the robot.

Peter Laurin
Senior Vice President and Head of Business Area
Managed Services

Agenda



Turnaround complete and stable profitability

Managed Services Market Outlook

Ericsson Operations Engine - New offerings

Agenda



Turnaround complete and stable profitability

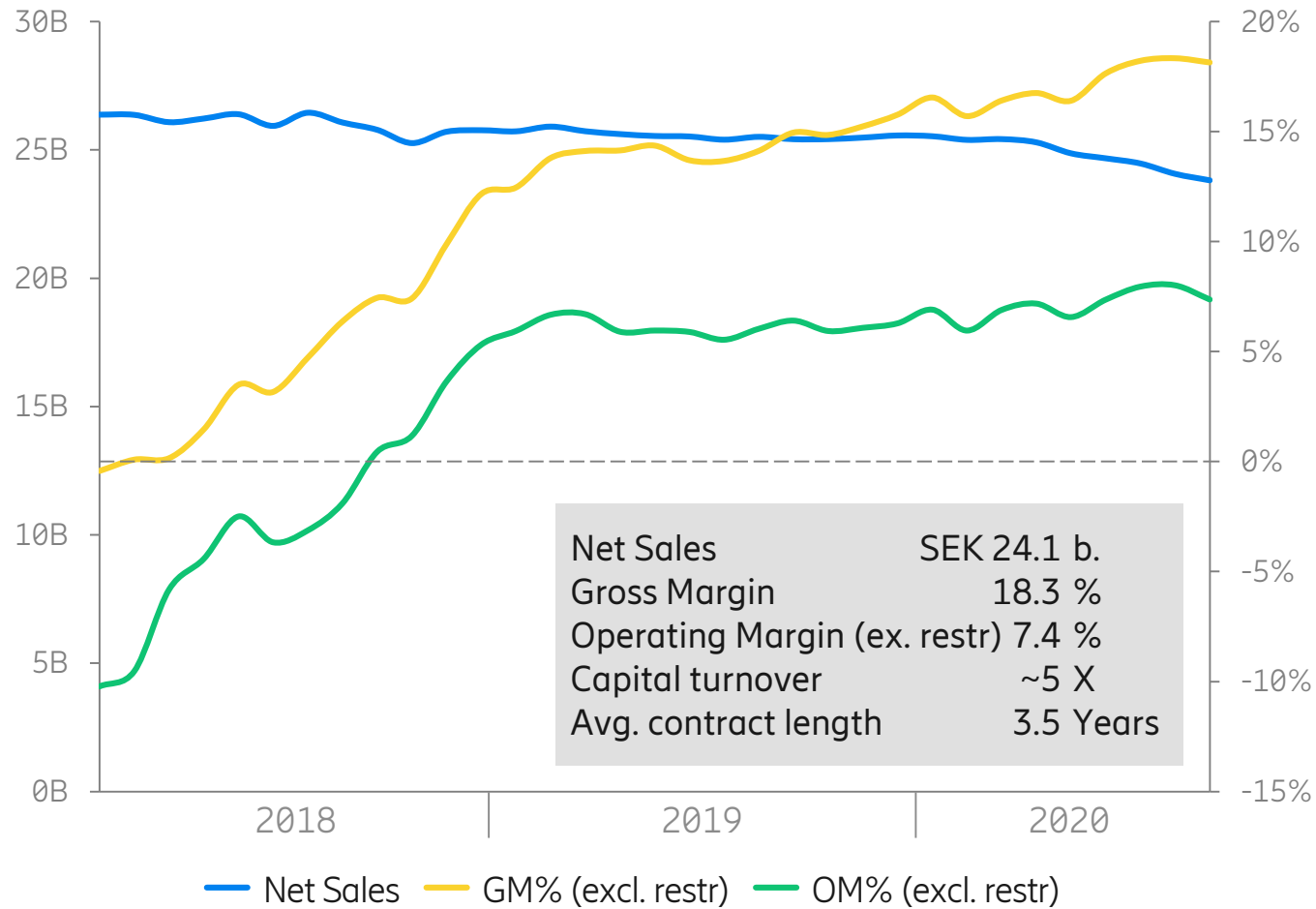
Managed Services Market Outlook

Ericsson Operations Engine - New offerings

Turnaround completed and profitability improved



4Q rolling financials



1 Turnaround actions completed 2017-2018

2 R&D investments in AI & Automation from 2018

3 Gross margin growth and stable Operating Income

Agenda



Turnaround complete and stable profitability

Managed Services Market Outlook

Ericsson Operations Engine - New offerings

The Managed Services market outlook

Potential to address more



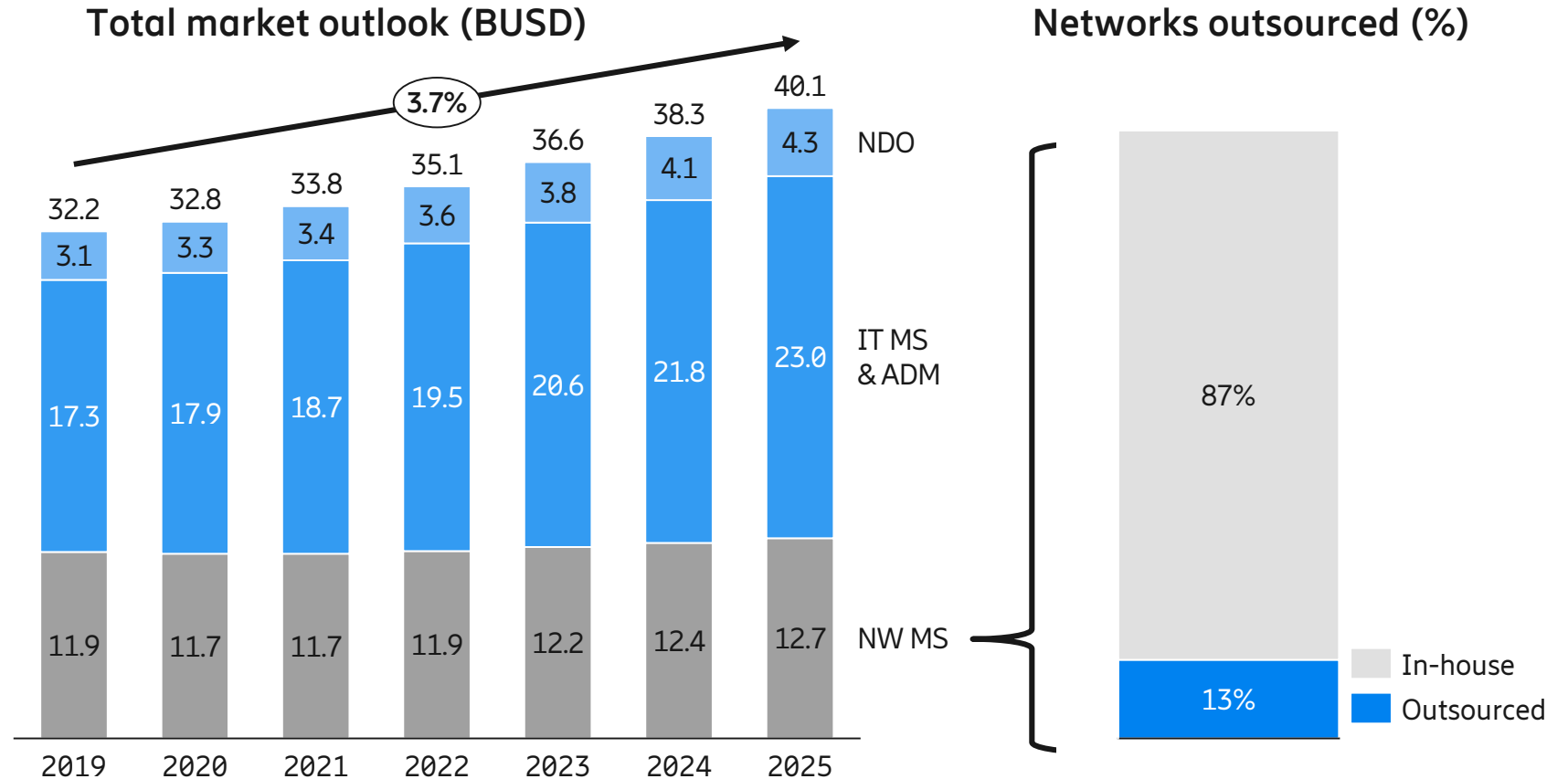
Total market growth of 3.7% CAGR (2019-2025)

The market represents 27% of CSPs' network, IT and NDO related OPEX

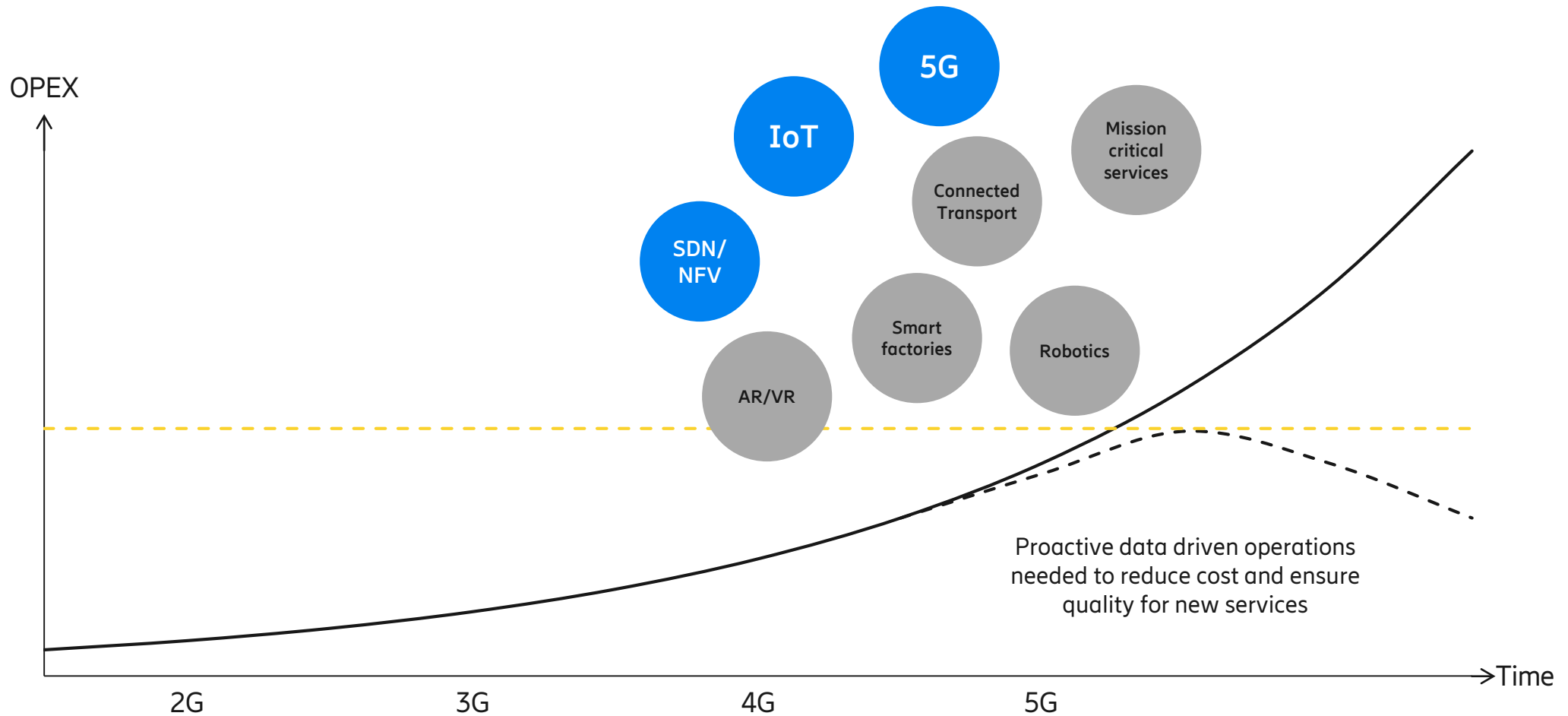
Opportunity to address non outsourced market with new offerings

Market share¹:

- MS Networks: 16%
- MS IT & ADM: 4%
- NDO (Opt): 9%



New services & technologies significantly increase the requirements on operations



Agenda

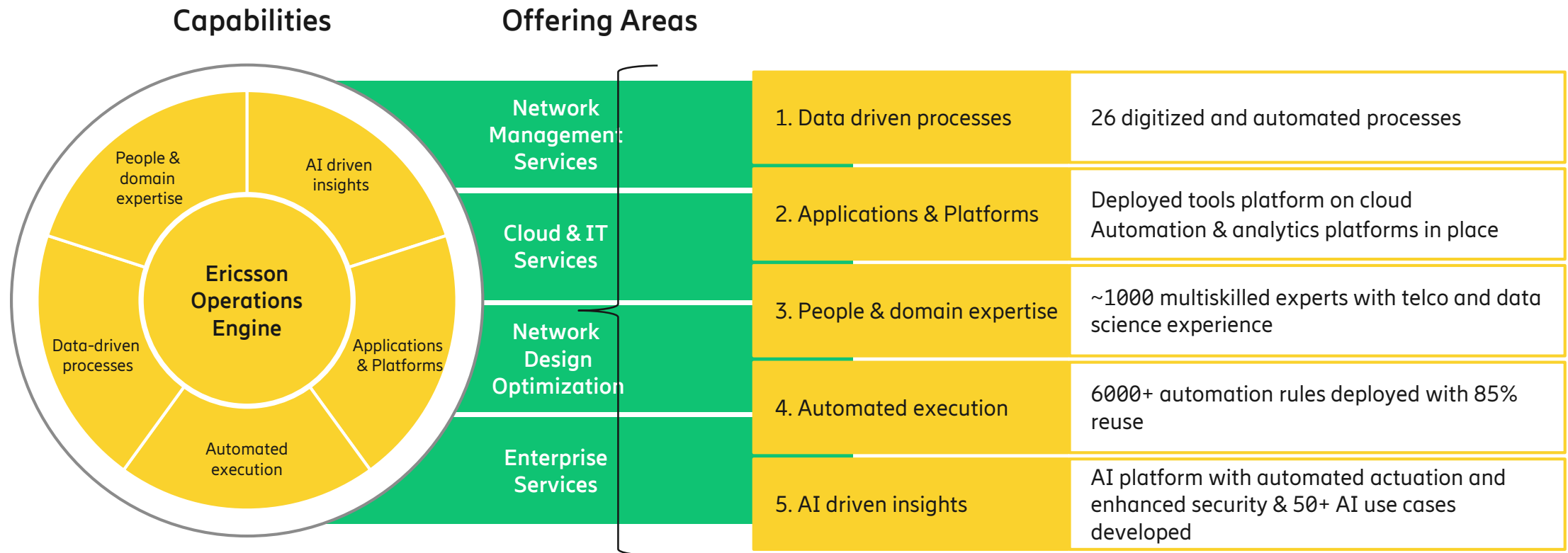


Turnaround complete and stable profitability

Managed Services Market Outlook

Ericsson Operations Engine - New offerings

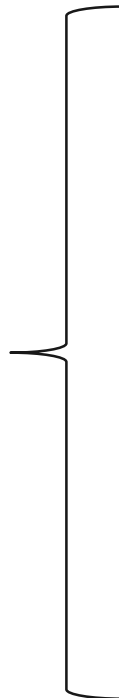
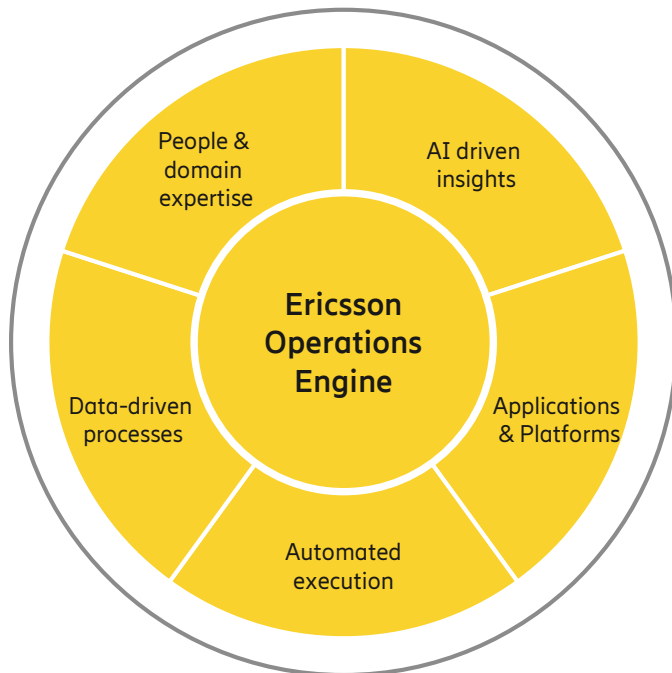
Ericsson Operations Engine capabilities enable data driven operations



Ericsson Operations Engine capabilities enable data driven operations

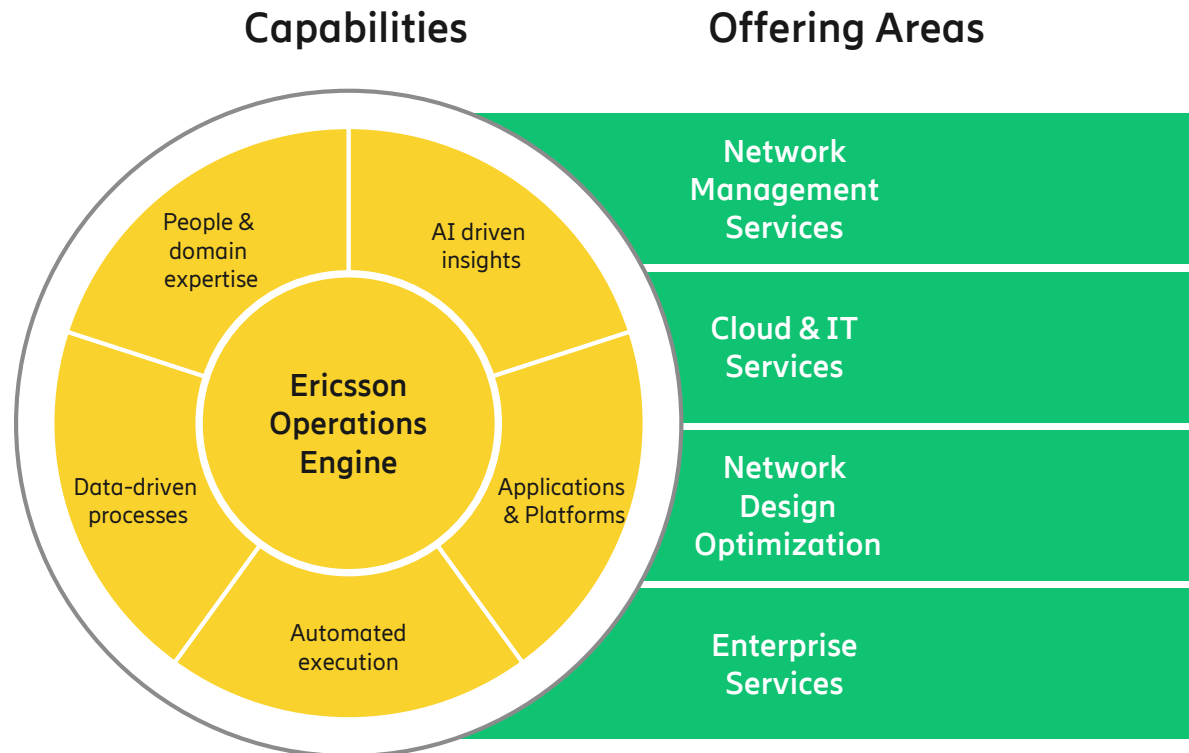


Capabilities

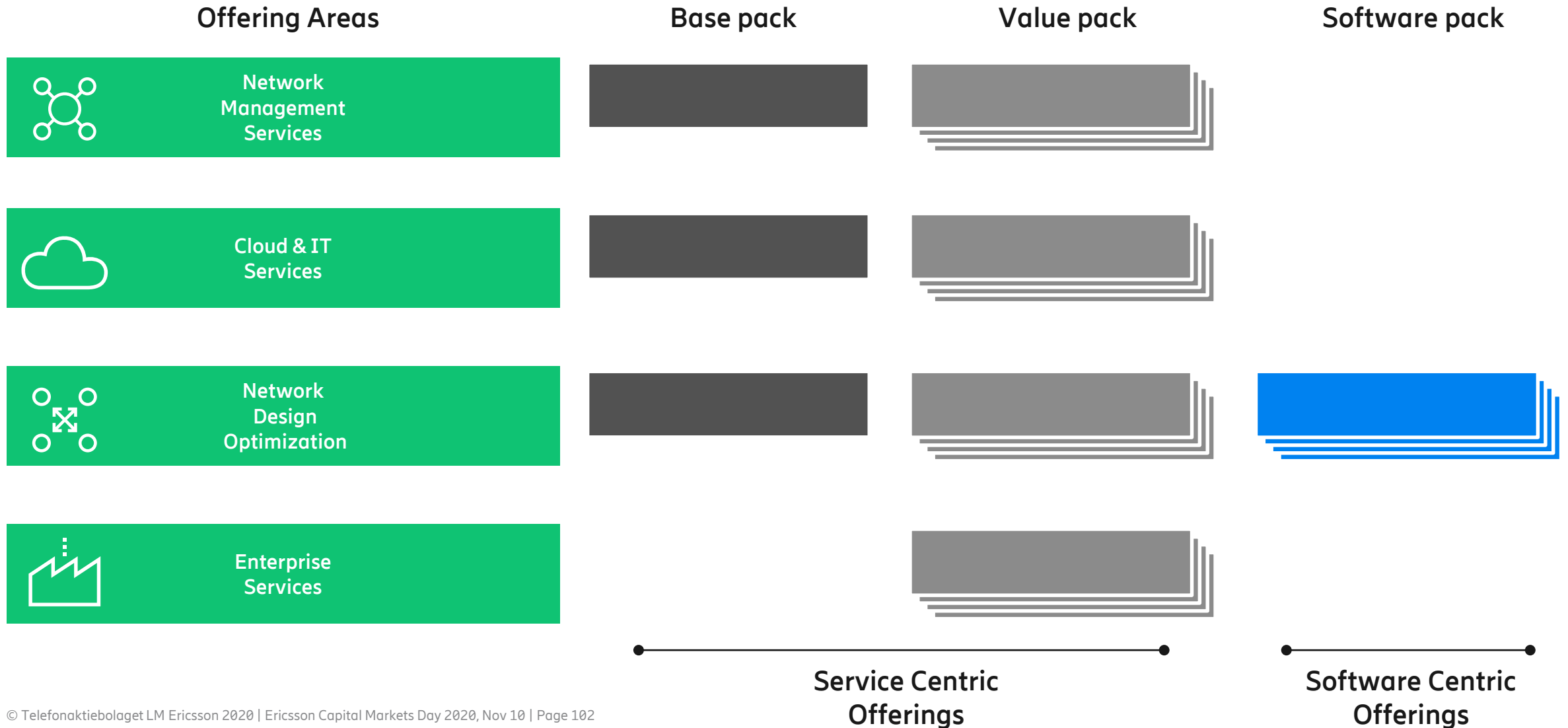


| | |
|------------------------------|---|
| 1. Data driven processes | 26 digitized and automated processes |
| 2. Applications & Platforms | Deployed tools platform on cloud Automation & analytics platforms in place |
| 3. People & domain expertise | ~1000 multiskilled experts with telco and data science experience |
| 4. Automated execution | 6000+ automation rules deployed with 85% reuse |
| 5. AI driven insights | AI platform with automated actuation and enhanced security & 50+ AI use cases developed |

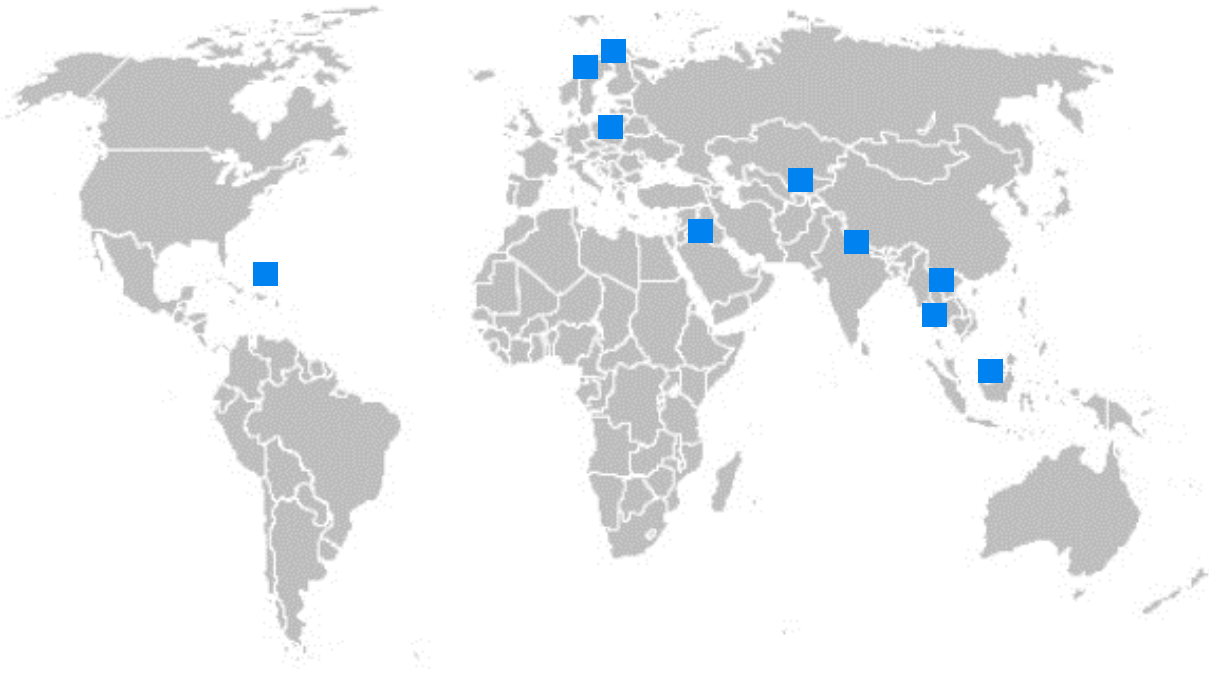
Ericsson Operations Engine capabilities enable data driven operations



The new Ericsson Operations Engine portfolio



Ericsson Operations Engine proving value



■ First 10 Networks Customers with 430M+ subscriptions and 300K sites

Network Performance

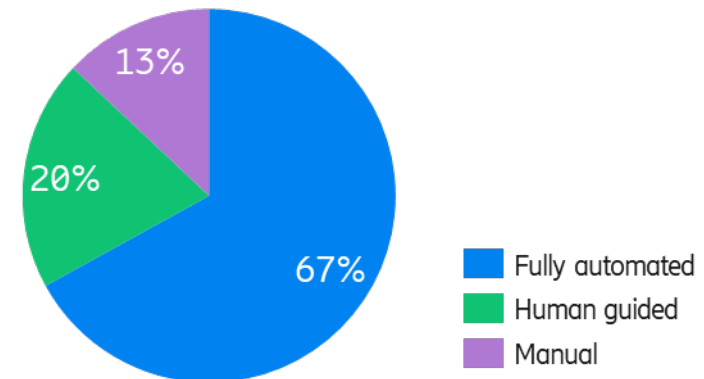
24%
Reduction in Mean Time to Resolution

60%
Reduction in Network unavailability

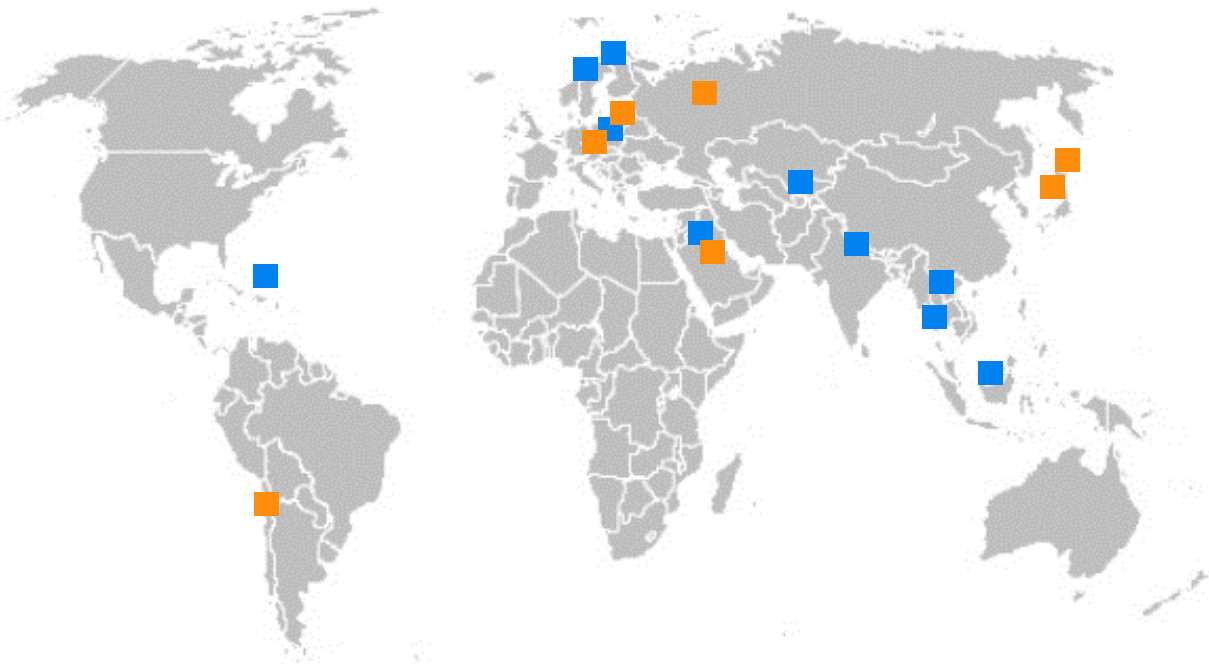
Efficiency

x2
Increase in Automation levels

20%
Less work orders per node¹



Ericsson Operations Engine proving value



 First 10 Networks Customers with 430M+ subscriptions and 300K sites

 First 7 Network Design & Optimization Customers for Software packs

Network Performance

24%

Reduction in Mean Time to Resolution

60%

Reduction in Network unavailability

15%

Improved network throughput potential (Mbit/sec)

Efficiency

x2

Increase in Automation levels

20%

Less work orders per node¹

30%

Improved efficiency in optimization projects

Strategic Priorities 2022 and long-term



“Be a leader in AI & data driven telecom operations & optimization, delivering the best network and services experience in the most cost-effective & sustainable way.”

| | 2022 | Long-term |
|--------|--|---|
| What ? | Transform the contract base to Ericsson Operations Engine and increase sales of value and software packs | Scale software and value pack sales with current and new customers to further increase profitability |
| How ? | Further invest in our Ericsson Operations Engine capabilities focusing on AI & Automation | Fully leverage the global data sets and the largest AI & Automation use case library in the industry |
| Who ? | Upskill all employees in AI & Automation and multi-vendor technologies | Have a data driven organization in place with focus on innovation and operations for 5G, IoT, Industry 4.0 etc. |

Key takeaways



People

Continued development of our people to increase skills in AI & Automation

R&D

Further investments in R&D to increase AI & Automation capabilities

Sales

Focus on value and software packs to deliver new value to current and new customers

Profitability

Ericsson Operations Engine is driving margin growth

Emerging Business and Other



Åsa Tamsons
Senior Vice President and Head of Business Area
Technologies & New Businesses

Agenda



Segment overview and business performance

Enterprise opportunity and growth portfolio

Cradlepoint acquisition

Strategic priorities and key takeaways

Segment Emerging Business and Other



Focus

Invest in value-creating, standalone, businesses targeting the enterprise segment

Discipline

Exit non-strategic or non-performing businesses

Accelerate

Accelerate cellular adoption in the enterprise segment

Sustainable growth

Monetize our customers network investments and drive demand for our core business

Portfolio optimization has improved financials and focus ≡

Media Business

Emerging Business

| Improved Media Business results | | Focus investments in growth businesses targeting enterprise | | | | | Exit |
|---|--|--|---|---|--|--|--|
| Media Kind 51% divested Improved results | Red Bee Media Improved profitability Breakeven in Q3 2020 | IoT Global connectivity platform serving +6000 enterprises | Dedicated Networks Local private connectivity solution to enterprises & industrials | Cradlepoint Market leading Wireless WAN Edge solutions for branch, mobile and IoT | New Businesses Invest in strategic growth businesses built on 5G and IoT | iConectiv Inter-connection technology and clearing-house solutions | Edge Gravity Enterprise Cloud Billing Select IoT offerings |
| Reduced run-rate losses and risk exposure >3 BSEK | | 80%+ YoY sales growth | New unit 30+ deals closed YTD | 20 000+ customers world-wide | Strong pipeline | Stable profitable business | Improved focus and financials |

Strong momentum in emerging businesses



IoT Platform

- Net sales growing 3x faster than market rate
- Recurring revenue model

>80%

subscriber growth

Dedicated Networks

- Winning important deals

30+

won deals YTD

Cradlepoint

- Closed acquisition
- Growing faster than market rate
- Recurring revenue SaaS model

>60%

gross margin

+ Initial traction of value-added services, e.g. IoT Security solutions

Our enterprise opportunity: Scale enterprise solutions offering reliable, secure and wireless connectivity



Portfolio focus: Solutions addressing enterprise needs



IoT Global Connectivity Management

- Global cellular connectivity
- Seamless and scalable
- Secure and reliable real-time data

Dedicated and site Connectivity

- Local cellular connectivity
- Wireless, reliable and secure
- Flexibility to optimize production

Cradlepoint wireless WAN edge solutions

- End-point connections at the customer premise
- Edge security and mobile SD-WAN
- Connecting field forces, mobile, sites and offices

Leveraging horizontal platform scalability, reusing R&D and strengthening endpoint adoption

A horizontal connectivity platform that scales IoT solutions across enterprise segments



Clean air & water
UN development goal



Safer roads
Telstra & Lexus



Critical IoT
Audi



Connected cars
Microsoft



Smart meters
E.on



Smart factory
Hexagon



Smart meters
Telia



Logistics
T-Mobile



IoT Platform
Sprint



Connected car services
Borgward



Diabetes tracker
Brighter



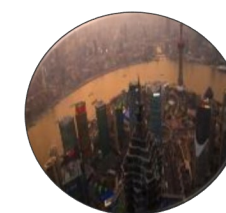
Smart farming
IntraGrain



Rural farming
Stanley Black & Decker



Asset tracking
BeWhere



Unified platform
Bridge Alliance



Water aaS
Grundfos

35 service providers world-wide

Telia, Telstra, KDDI, China Telecom, Orange, Sprint, Telenor, Singtel, Bell, SaskTel, China Mobile, Ooredoo, Swisscom...

IoT Global Connectivity Management

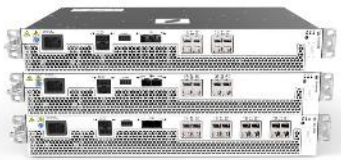
Onboard, activate and manage connectivity for IoT devices globally

Subscription based revenue share model aaS

Reusing R&D and bringing the ecosystem together



CAPEX/OPEX model through CSP resellers

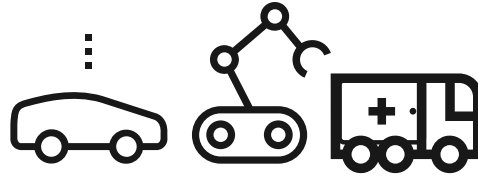


Creating wireless agility with Cradlepoint – global leader in Wireless WAN Edge solutions

Connects sites, vehicles, field forces, and IoT devices, anywhere.
Simply. Securely. Wirelessly.



Branch Offices



Mobile Units



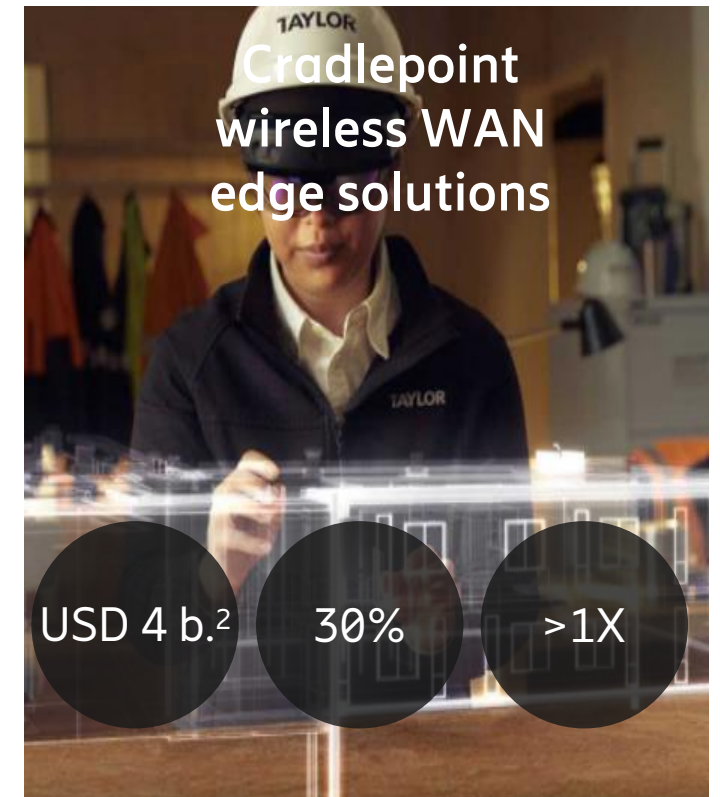
Stationary Units

Mobile SD-WAN, unified edge security
NetCloud manager
5G cellular routers

Subscription based delivered as a Service

20 000+ Enterprises | 3 000+ Public Agencies | 1 500+ Channel Partners

Targeting sizable and rapidly growing enterprise markets ≡



Added value through security-, network near- and insights services

¹Berg Insight, extrapolated to 2024-2025

²Ericsson estimate 2024, as communicated on announcement

Characteristics of the businesses going forward



Accelerated sales

Targeting enterprise markets with strong growth

>25%
CAGR

Gross margin improvement

Investing in businesses with healthy gross margin potential

>40-50%

Investment intensity reduction

Opex / Gross Margin

- >2.5x in 2020
- Will decrease over time

Operating income trajectory impacted by Cradlepoint

Key takeaways



5G and IoT open up new opportunities for Enterprises, operators and Ericsson

Focus on enterprise value pools with a disciplined approach to growth, capitalizing on our R&D investments

Strong momentum in new businesses targeting enterprise segments

The Cradlepoint acquisition will accelerate growth, building on our combined strengths

Key takeaways - CEO



Turnaround complete
– platform to invest
in the future

Existing telco
business growth
driven by new use
cases for consumer
and enterprise

Increasing our
investment in
enterprise
applications

Set on a new growth
and margin trajectory

5G Primary connectivity for digitalizing industry and enterprise



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Forward-looking statements

This presentation includes forward-looking statements, including statements reflecting management's current views relating to the growth of the market, future market conditions, future events, financial condition, and expected operational and financial performance, including, in particular the following:

- 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.

The words "believe," "expect," "foresee," "anticipate," "assume," "intend," "likely," "projects," "may," "could," "plan," "estimate," "forecast," "will," "should," "would," "predict," "aim," "ambition," "seek," "potential," "target," "might," "continue," or, in each case, their negative or variations, and similar words or expressions are used to identify forward-looking statements. Any statement that refers to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

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