PETER NYQUIST
Vice President Investor Relations

This presentation contains forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our earnings reports and our most recent annual report for a better understanding of these risks and uncertainties.
BACKGROUND AND APPROACH

› Ericsson’s leading position challenged
› Listened carefully to key stakeholders
  – Meeting customers around the world
› Made in-depth analysis of portfolio, performance and needed investments
› Speed in execution is crucial to restore profitability and lead in innovation
› Today we outline strategy and high level plans
  – At Q1 earnings, mid-year and at CMD we will provide more details and report progress
SALES AND OPERATING MARGIN

OPERATING INCOME

Excluding restructuring

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networks</td>
<td>30 SEK b.</td>
<td>20 SEK b.</td>
</tr>
<tr>
<td>IT &amp; Cloud</td>
<td>1 SEK b.</td>
<td>2 SEK b.</td>
</tr>
<tr>
<td>Media</td>
<td>-5 SEK b.</td>
<td>-1 SEK b.</td>
</tr>
</tbody>
</table>
FOCUSED BUSINESS STRATEGY

○ Enable service providers to expand their business across industries and into new profit pools
○ Drive development of market-leading solutions, fully leveraging the potential of 5G, IoT and cloud.
○ Increase pace of innovation and new business development
○ Restore profitability is key – start by focusing the portfolio
○ Simplify organizational structure with new Executive Team
○ Significant profit improvements already in 2018
PORTFOLIO FOCUS

- Accelerate and increase investments in Networks – continued 4G roll-out, establish leading position in 5G
- Target the Network Rollout business on Ericsson’s own networks portfolio
- In Digital Services near term focus is on restoring profitability, selectively increase investments in cloud based virtualized network infrastructure, OSS/BSS and related services capabilities
- Shift IoT strategy from an SI-led approach to a platform- and solutions-led strategy
- Turn around Managed Services, addressing low-performing operations and contracts
- Explore strategic opportunities for Media business to enable it to succeed in evolving media landscape
- Explore strategic opportunities for the IT Cloud Infrastructure hardware business
PROFITABILITY & EFFICIENCY

› Take out cost at higher pace with targets surpassing current ambitions

› Focus on improved earnings and return on capital employed

› Significant profit improvements already 2018
  - At least double the 2016 operating margin, excluding restructuring charges, beyond 2018
FINANCIAL IMPLICATIONS

Short-term

› Intangible assets will be written down in Q1 with SEK 3-4 b. and no impact on cash flow

› Restructuring charges for 2017 are estimated to SEK 6-8 b. of which approximately SEK 2 b. in Q1
  – As a result of a planned higher pace in cost reductions

› Provisions of SEK 7-9 b. will be made in Q1
  – Triggered by recent negative developments related to certain large customer projects
NEW ORGANIZATION

› Simplified structure
  - Speed up time to market and customer responsiveness
  - Increase accountability and empowerment throughout the organization

› Three Business Areas and five Market Areas, better aligned to our global customers

› New Executive Team appointed, effective April 1
NEW EXECUTIVE TEAM
EFFECTIVE APRIL 1, 2017

CEO

MajBritt Arfert
Helena Norman
Elaine Weidman-Grunewald

Human Resources
Marketing & Communications
Sustainability & Corp. Responsibility

Finance & Common Functions
Technology & Emerging Business
Legal Affairs

Carl Mellander
Niklas Heuveldop
Nina MacPherson

Business Area Networks
Fredrik Jejdling

Business Area Digital Services
Ulf Ewaldsson

Business Area Managed Services
Peter Laurin

Media

Market Area Europe and Latin America – Arun Bansal
Market Area Middle East and Africa – Rafiah Ibrahim
Market Area North America – Rima Qureshi
Market Area North East Asia – Chris Houghton
Market Area South East Asia, Oceania and India – Nunzio Mirtillo

Advisors
Jan Frykhammar
Magnus Mandersson
CHANGES TODAY

- Focused business strategy to improve profitability
- Reallocate resources, increase investments in core areas
- Explore strategic opportunities for Media and Cloud infrastructure hardware businesses
- Simplified organizational structure

WHAT’S NEXT

- **March 29**: AGM: New long-term incentive program and dividend
- **April 1**: New organization operational
- **2017**: In Q1, mid-year and at CMD, provide more details and report progress
- **Q1 2018**: Reporting structure fully aligned with new organization