

# Planning assumptions

## From the Q3 report



### Market related

- › RAN equipment market est. to decline -8% FY17

### Ericsson related

- › Focusing MS, I&S and NRO business expected to reduce FY19 sales by up to SEK 10 b. compared to FY16
- › Q4 sales expected to be lower than 5-year average +24% seasonality, QoQ
- › Cost savings with an annual run rate effect of >SEK 10 b. implemented by mid-2018
- › Expanded focus on profitability in IT & Cloud - positive effects on gross margin in 2018

- › Increased R&D expenses, primarily in Networks
- › Net capitalization effect on op. income expected at
  - SEK -1.4 b. in Q417 (-1.5 b. in Q317)
  - SEK -3 b. FY18
  - SEK -1 to -2 b. FY19
- › Restructuring charges estimated to SEK 3-4 b. Q417
- › SEK 3-5 b. risk of adjustments by mid-2018 expected to be in higher end of range. (SEK 2.3 b. in Q317)
- › Market share increase in Mainland China will have dilutive effect on gross margin in Q417. Ambition to continue to deliver double digit adjusted OM in Networks Q417.

Please see the Q3 report for the full planning assumptions

Based on current visibility, assessments and FX rates