Ericsson Third quarter 2024

October 15, 2024

Third quarter 2024

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.

Business Overview

Börje Ekholm
President and CEO

Q3 2024 – Key takeaways

- Solid progress on strategic and operational priorities
  - Programmable networks showing increased momentum
  - New JV to secure global supply of Network APIs
- Sales starting to stabilize, declining by -1%[1] YoY in Q3
  - Strong sales growth in North America, up 55%[1] YoY
  - Europe sales up slightly, other markets declining
- Strong expansion in gross margins
  - Market mix, commercial discipline, and cost actions all supporting
  - Further benefit from 5G IPR license agreement and customer settlement
- Adjusted[2] EBITA grew to SEK 7.8 b.

Organic[1] sales YoY:

-1%

Adjusted[2] gross margin:

46.3%

Adjusted[2] EBITA margin:

12.6%

Strong execution of our strategic plan and delivery of operational efficiencies

[1] Sales adjusted for the impact of acquisitions and divestments and effects of foreign currency fluctuations.
[2] Excluding restructuring charges.

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Sales development by market area and segment

Market area net sales (Q3 2024, SEK b.)		Organic growth (Q3 2024 YoY)	Networks	Cloud Software and Services	Enterprise	
			65%	24%	10%	% of net sales FY 2023
North America	20.4	55%	↗	↘		22%
Europe and Latin America	15.2	1%	→	↗		25%
South East Asia, Oceania and India	7.7	-43%	↘	↘		20%
North East Asia	3.7	-29%	↘	→		9%
Middle East and Africa	4.9	-22%	↘	→		9%
Other (IPR and most of Enterprise)	10.0	4%	↗	↗	↘	15%
Total	**61.8**	**-1%**	→	→	↘	100%

↗ Indicates direction of year-on-year organic sales development.

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Progressing Enterprise strategic priorities

Network APIs Joint Venture announced

- JV agreed with 12 leading telecom operators, continuing constructive discussions with further partners
- JV will combine and sell network APIs on a global scale, accelerating commercialization and monetization.
- Will provide network APIs to a broad developer ecosystem including Vonage, which will partner with the JV

Ericsson Enterprise 5G

- New private 5G network portfolio and neutral host solutions
- Easy-to-use solutions to deliver business-critical connectivity across enterprise environments
- New 'Ericsson Enterprise Wireless' branding

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Financial Overview

Lars Sandström
Chief Financial Officer

Financial update Q3 2024

Financial performance (adjusted)

SEK b.	Q3-24	Q3-23	YoY	Q2-24
Net sales	61.8	64.5	-4%	59.8
Organic sales			-1%	
Gross income	28.6	25.3	13%	26.3
Gross margin	46.3%	39.2%		43.9%
R&D expenses	-12.2	-11.7		-14.1
SG&A expenses	-9.2	-9.5		-22.7
Other op. income & expenses	0.0	-32.0		-1.3
EBIT	7.3	-28.0		-11.9
EBIT margin	11.9%	-43.5%		-19.9%
EBITA	7.8	4.7	64%	4.1
EBITA margin	12.6%	7.3%		6.8%
Net income[1]	3.9	-30.5		-11.0
Free cash flow before M&A	12.9	-0.5		7.6

[1] Including restructuring charges.

Organic sales growth : -1% YoY

- Strong growth in North America 55%
- Slight growth in Europe, other markets declined

Adjusted gross margin: 46.3%

- Commercial discipline and cost actions
- Higher IPR licensing revenues
- Favorable market mix
- Customer settlement

Adjusted EBITA margin: 12.6%

- Higher gross income partly offset by increased operating expenses

Free cash flow before M&A: SEK 12.9 b.

- Strong focus on inventory and supply chain management
- Favorable market mix

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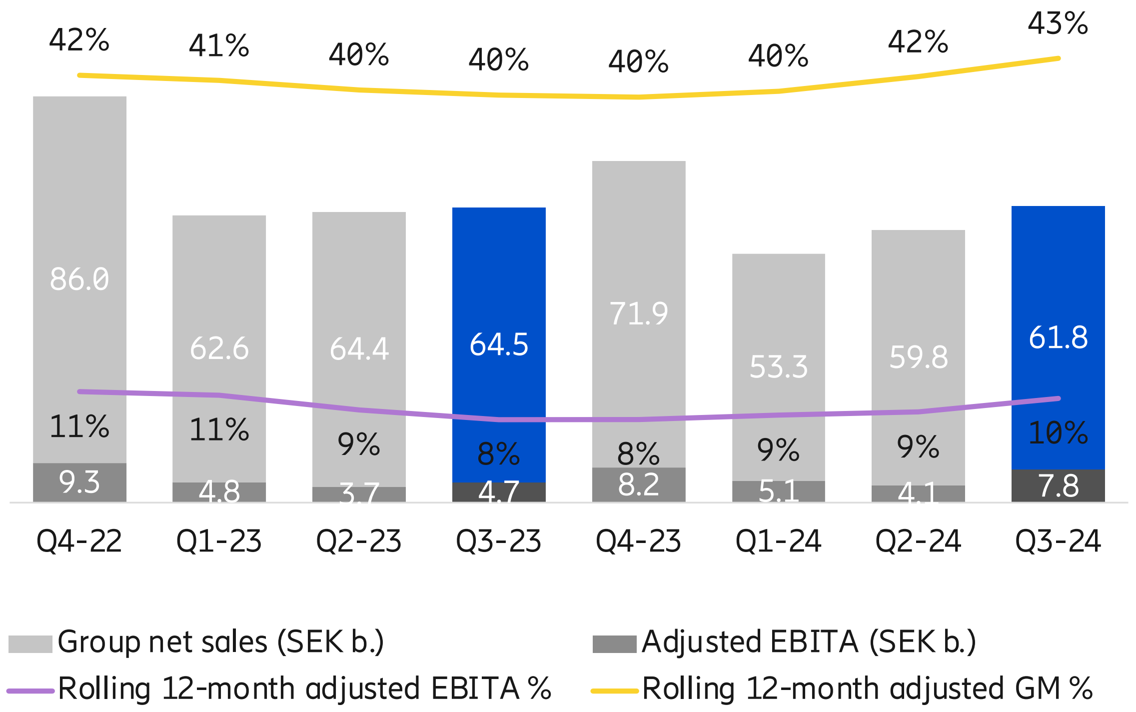
Key Financial trends



Sales

- Gradual sales stabilization supported by North America

Adjusted gross margin and adjusted EBITA

- Positive development in adjusted gross margin and adjusted EBITA
  - Improved utilization of our supply chain
  - Cost actions
  - Favorable market mix
  - IPR growth

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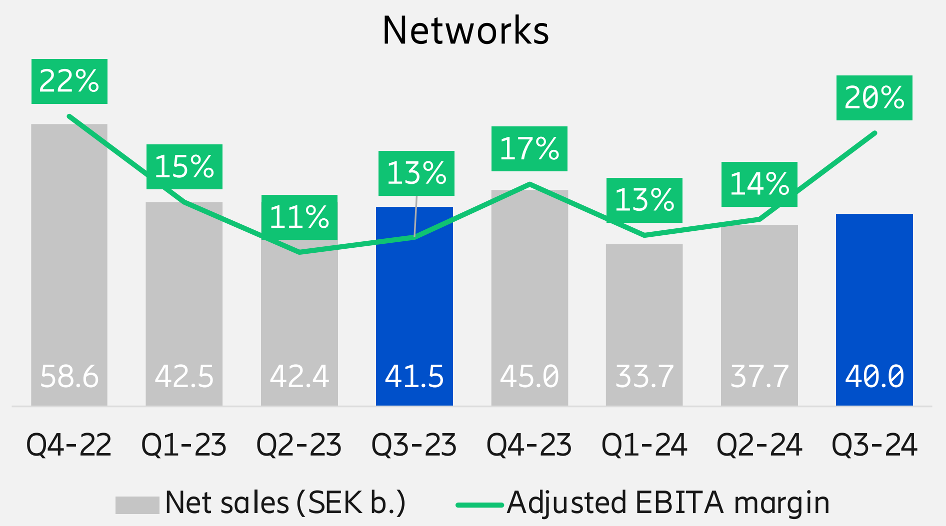
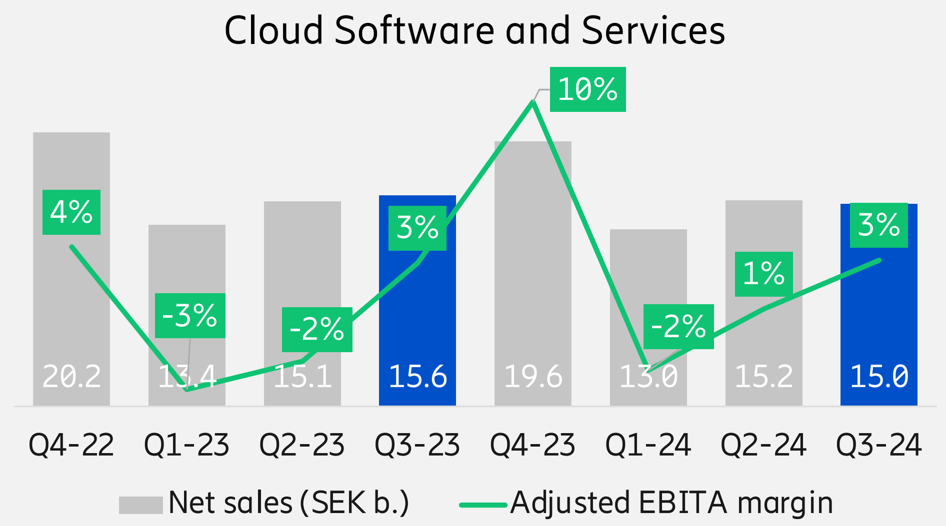
Mobile Networks Q3 2024



- -1% organic sales decline
- Organic growth in North America of 80% YoY
- Sales declined in other market areas
- Adjusted EBITA margin benefited from higher gross income and continued efficiency improvements



- -1% organic sales decline
- Lower sales of services due to project delivery milestones
- Adjusted EBITA was stable at SEK 0.4 b.
- Strategy execution continues with focus on commercial discipline and accelerating automation

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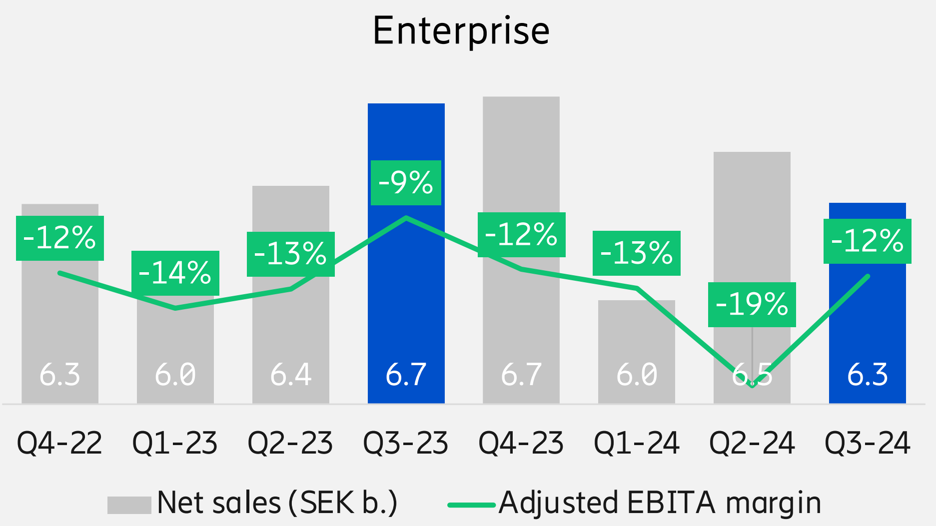
Enterprise Q3 2024



- +7% organic sales growth in Enterprise Wireless Solutions
- -3% organic sales decline in Global Communications Platform
- Focusing on more profitable segments in GCP, driving EWS performance improvements with product refresh

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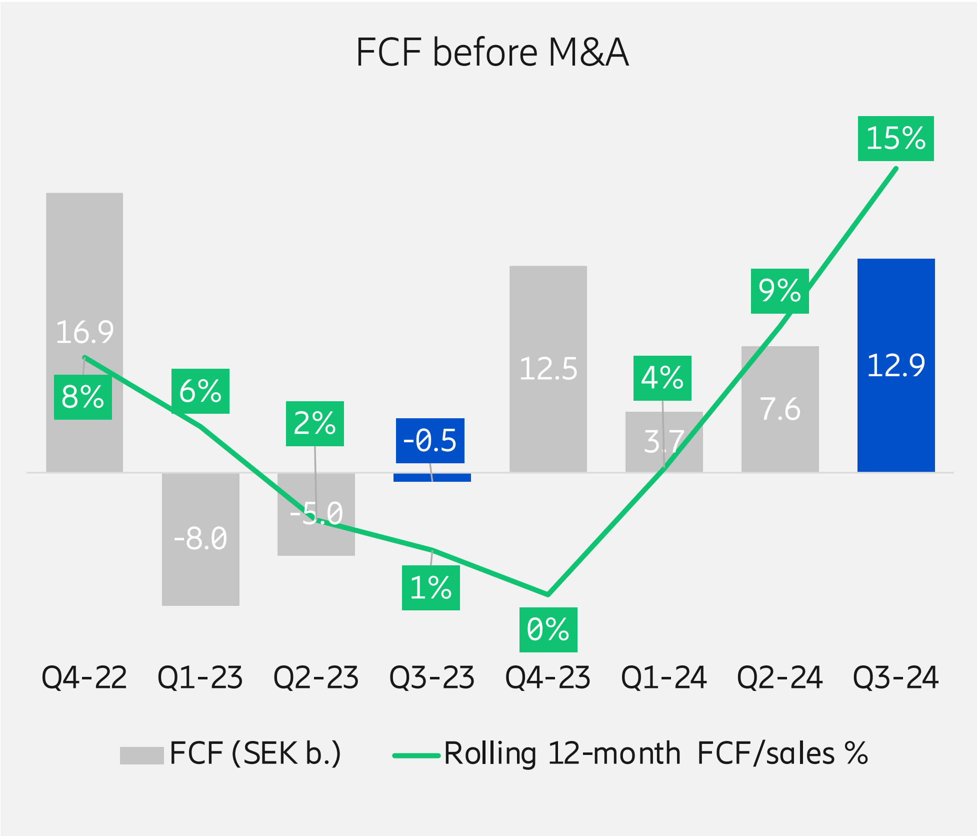
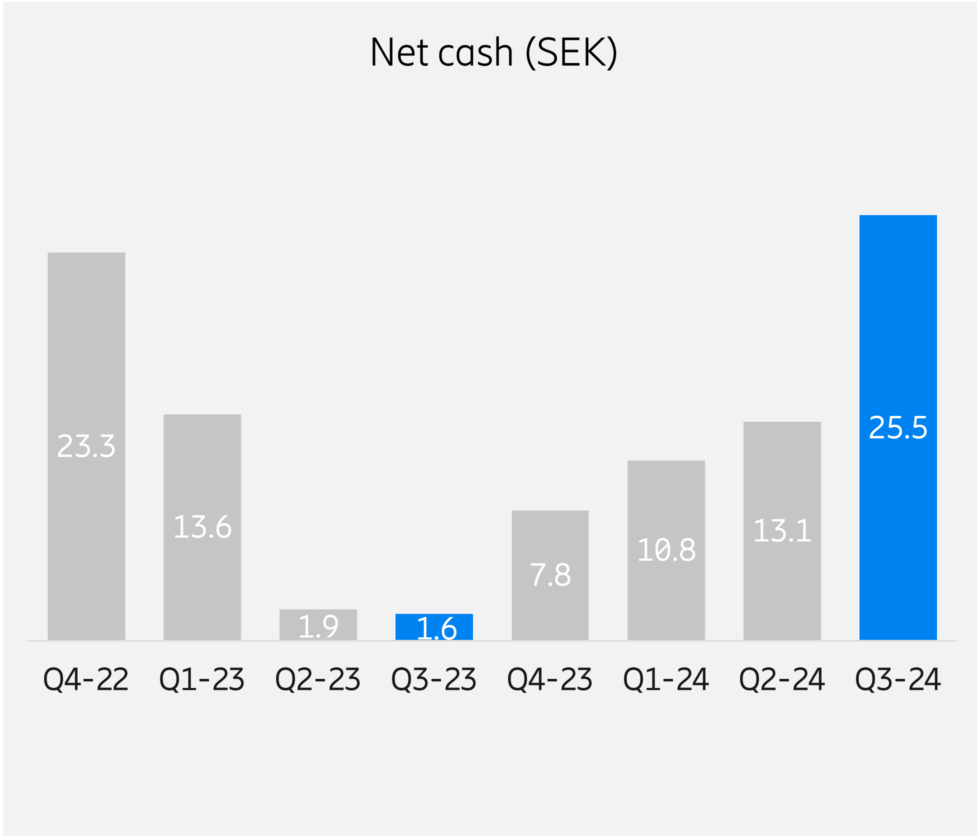
Cash flow and financial position





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Outlook[1]

Sales Networks	Sales growth in Q4 is expected to be below average last three years seasonality
Sales Cloud Software and Services	Sales growth in Q4 is expected to be below average last three years seasonality
Adj. gross margin Networks	Adjusted gross margin in Q4 is expected to be in the range 47%-49%
Amortization Intangible assets	Around SEK -0.5 b. per quarter, of which c. SEK -0.4 b. related to Enterprise
Restructuring charges	Restructuring charges for 2024 expected to be around SEK 4 b.

[1] See key data points, page 8, third quarter results.

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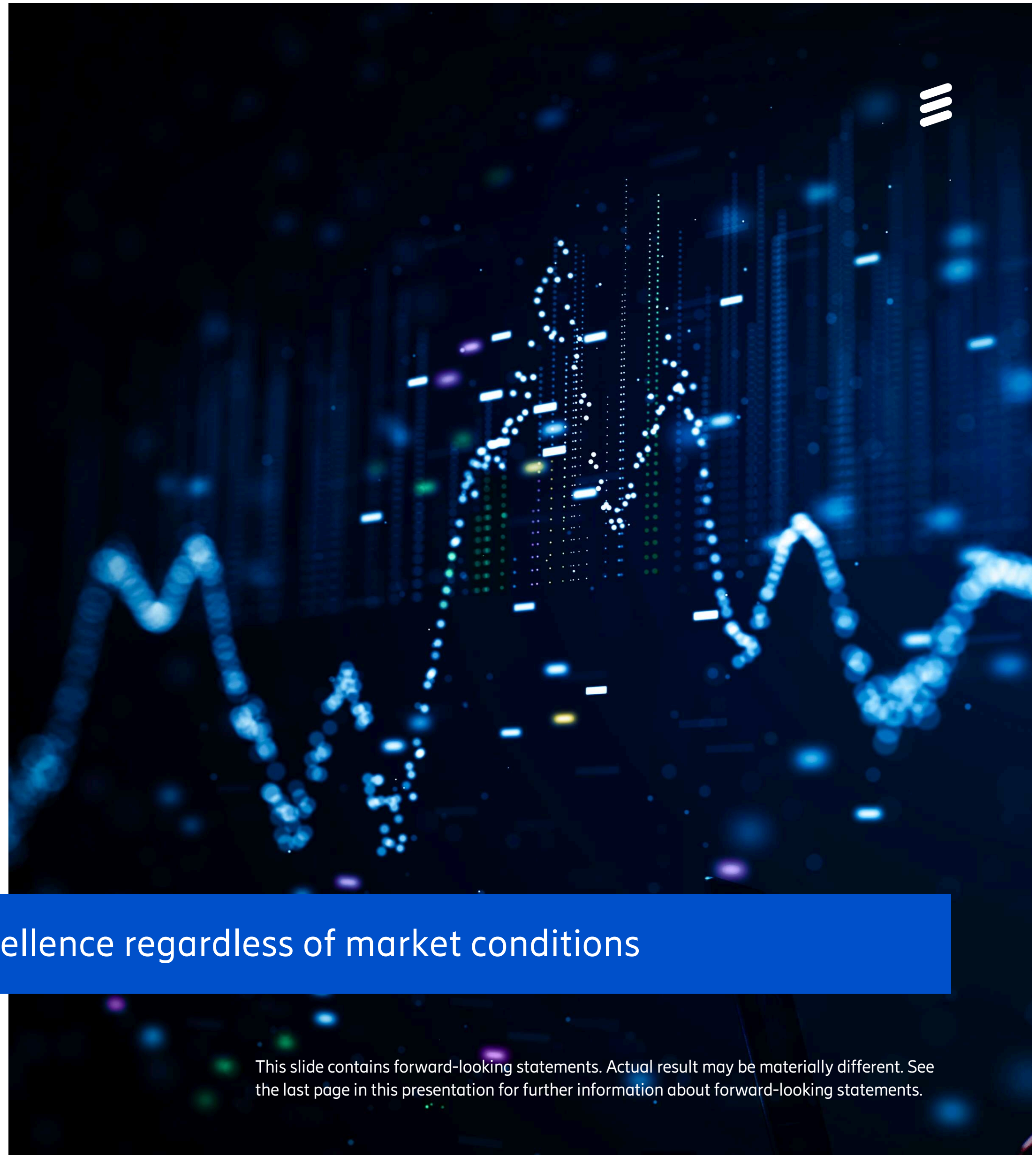
Closing Remarks

Börje Ekholm
President and CEO

Summary

- Solid progress on strategic and operational priorities
  - Strengthen leadership in Mobile Networks
  - Focused expansion in Enterprise
- Maintaining technology leadership, while prudently managing our business
- Further progress to build out Global Network Platform for network APIs



Focused on delivering operational excellence regardless of market conditions

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Q&A


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Appendices

Appendix 1 – Adjusted gross margin and income development

Appendix 2 – Adjusted EBITA development

Appendix 3 – More information

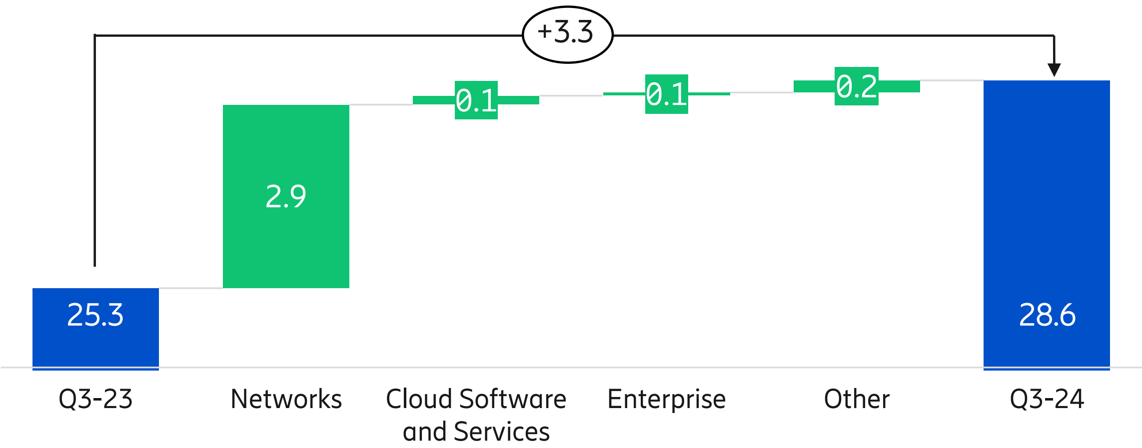
Appendix 4 – Ericsson Mobility Report, June 2024

Appendix 1 - Adjusted gross margin and income development

Adj. gross margin (%)
(YoY change)

Q3-23	Networks	Cloud Software and Services	Enterprise	Other	Q3-24
39.2%	48.7%	38.7%	52.4%	5.1%	46.3%
	(+8.9 p.p.)	(+2.5 p.p.)	(+3.6 p.p.)	(+29.6 p.p.)	

Adj. gross income, SEK b.



- + Adjusted gross income and margin increase in all segments
- + IPR licensing revenues
- + Cost reduction actions

- \- Lower sales
- \- Salary increases and variable incentive accruals

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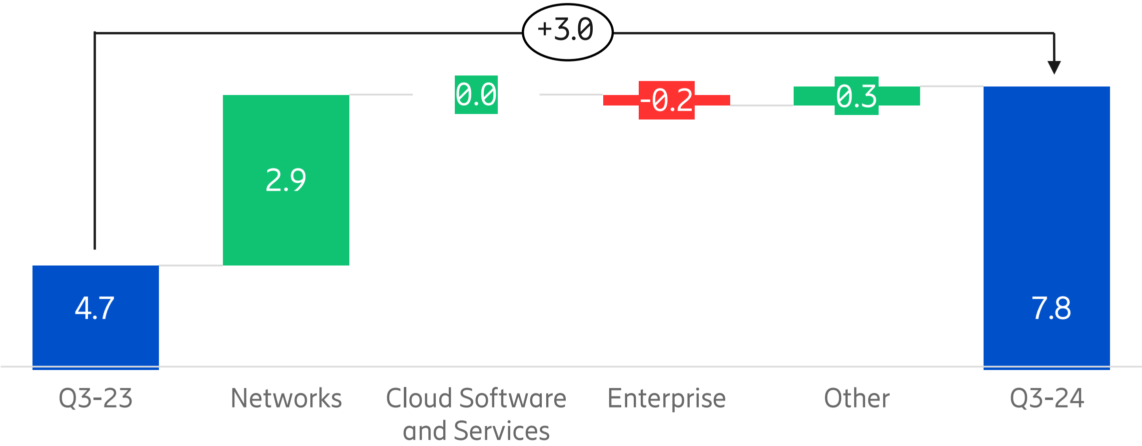
Appendix 2 - Adjusted EBITA development

Adj. EBITA margin (%)
(YoY change)

Q3-23	Networks	Cloud Software and Services	Enterprise	Other	Q3-24
7.3%	20.3%	2.9%	-12.4%	-1.4%	12.6%
	(+7.7 p.p.)	(+0.1 p.p.)	(-3.5 p.p.)	(+46.5 p.p.)	

Adj. EBITA, SEK b.



+ Adjusted gross income and margin increase in all segments
+ Cost reduction actions

- Increased operating expenses
- Investments in technology leadership and operational resilience
- Salary increases and variable incentive accruals

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Appendix 3 - More information

Latest Event

Sustainability and responsible business update
June 18, 2024
Briefing session focused on sustainability and responsible business at Ericsson.

Latest Information

Third quarter 2024
October 15, 2024
Q3 results 2024: English | Swedish
Financial statements (xls) Webcast

Annual Report 2023
Ericssons Annual Report 2023 was published on March 6, 2024.

Ericsson Investor Relations homepage

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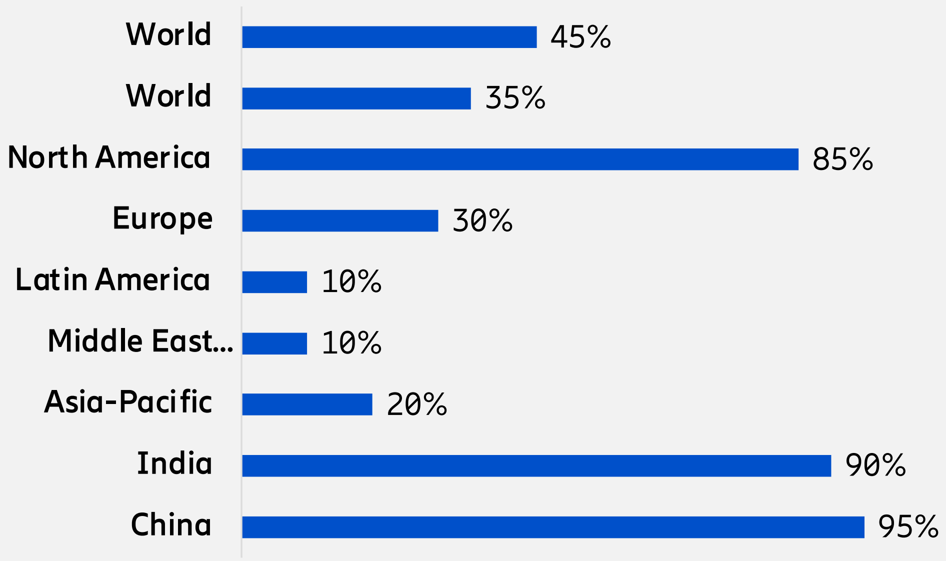
Appendix 4 – Ericsson Mobility report, June 2024

Download the report here

World population and mid-band coverage split by region (end of 2023)



35%
Mid-band coverage outside of China

~20%
Subscriptions are 5G. 1.7 billion 5G subscriptions Q1 2024

>20%
Expected 2024 growth in FWA subscriptions compared to end 2023

6% YoY[3]
Smartphone market returns to growth in Q1 2024. AI-powered devices have entered the market

Note: The figures in this graph are rounded and refer to coverage of each technology. The ability to utilize the technology is subject to factors such as access to devices and subscriptions.
[1] Excluding China. [2] Excluding China and India . [3] Source Counterpoint (May 2024

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Forward-looking statements

This report includes forward-looking statements. All statements other than statements of historical fact are forward-looking statements. 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. These statements are subject to risks and uncertainties that could cause actual results to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking statements, including, in particular the following:

- Potential material additional liability resulting from past conduct, including allegations of past conduct that remains unresolved or unknown in multiple jurisdictions including Iraq, which remains the subject of ongoing investigations by Ericsson and US governmental authorities
- Risks related to internal controls and governance, including the potential to incur material liability in connection with internal controls surrounding payments made to third parties in connection with past conduct in multiple jurisdictions including Iraq which remains the subject of ongoing investigations by Ericsson and US governmental authorities
- The risk that the ongoing investigations by Ericsson and US governmental authorities result in a conclusion by Ericsson or US governmental authorities that the Company's past conduct included making or having responsibility for making payments to a terrorist organization or other improper payments, which could lead to material additional liability
- Risks related to our ongoing compliance with obligations under the NSA entered into in connection with Ericsson's acquisition of Vonage, which may adversely affect the Vonage business and subject the Company to additional liabilities
- Our goals, strategies, planning assumptions and operational or financial performance expectations
- Macroeconomic conditions, including inflationary pressures and effects on customer investments, market recovery and growth
- Ongoing geopolitical and trade uncertainty, including challenging global economic conditions, market trends and pandemics such as COVID-19
- Risks related to cybersecurity and privacy
- Industry trends, future characteristics and development of the markets in which we operate
- Our ability to comply with legal and regulatory requirements internationally
- 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 research and development expenditures
- Our ability to deliver on future plans and achieve future growth
- The expected operational or financial performance of strategic cooperation activities and joint ventures
- Risks related to acquisitions and divestments, including our ability to successfully consummate such transactions, protect the value of acquisitions during integration, or achieve the value anticipated with an acquisition
- Extent of impairment impacts on cash flow and dividend capacity in future periods, which is assessed based on full- year performance and is impacted by a variety of factors, including earnings, business outlook and financial position
- Trends related to our industry, including our regulatory environment, competition and customer structure
- Other factors included in our filings with the SEC, including the factors described throughout this report, included in the section Risk Factors, and in "Risk Factors" in the Annual Report 2023, as updated by subsequent reports filed with the SEC.

These forward-looking statements also represent our estimates, assumptions and expectations only as of the date that they were made, and to the extent they represent third-party data, we have not undertaken to independently verify such third-party data and do not intend to do so. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements and are urged to carefully review and consider the various disclosures made in this report and in other documents we file from time to time with our regulators that disclose risks and uncertainties that may affect our business. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of this report, except as required by applicable law or stock exchange regulations.


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