



ERICSSON

# NEW REPORTING STRUCTURE

RESTATED FINANCIALS 2015 AND 2016

Carl Mellander, CFO

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.

# 2017 REPORTING STRUCTURE

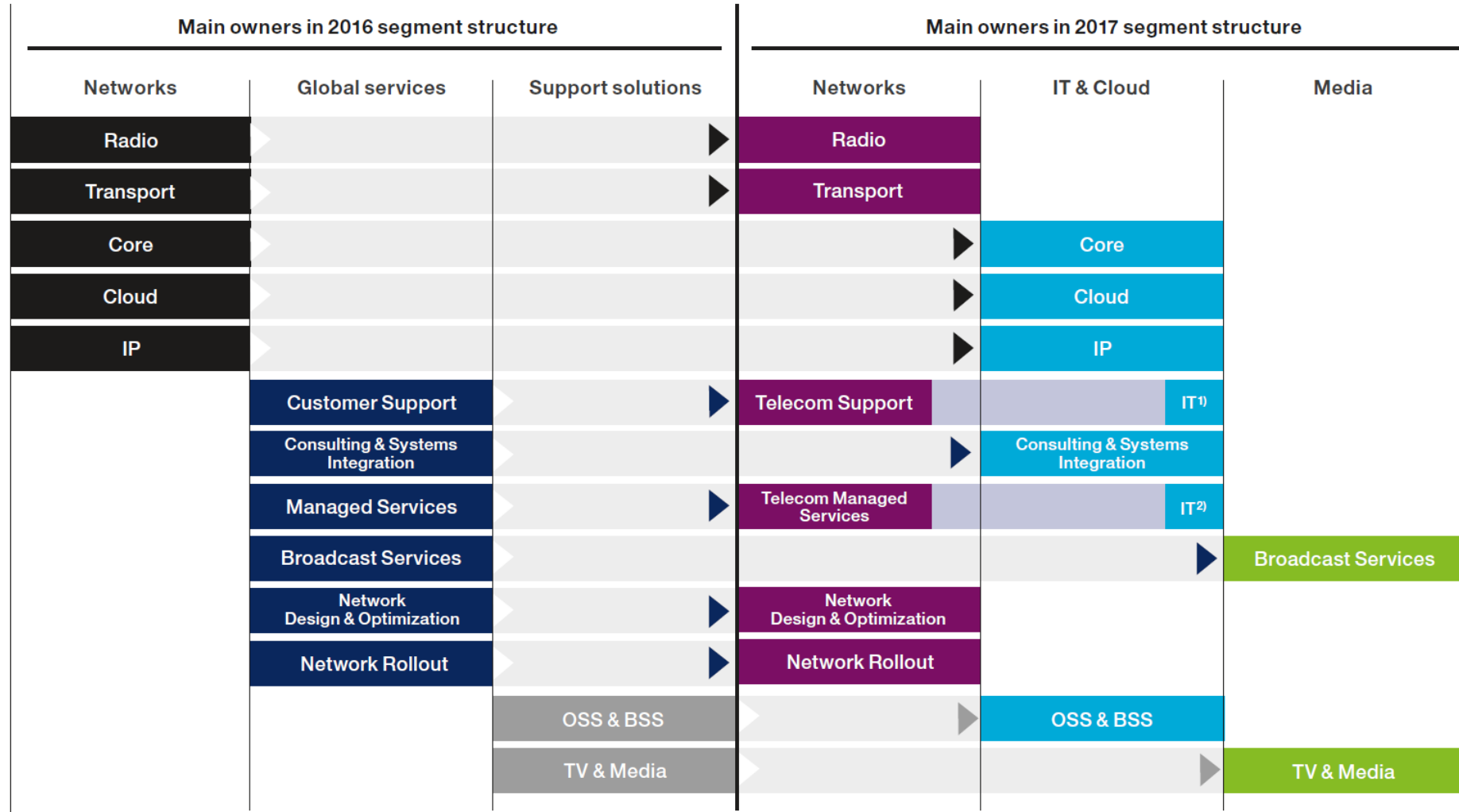
## SIMPLIFIED WITH CLEAR ACCOUNTABILITY



	Net sales	Profitability	Market dimension
Networks	Total net sales - of which services - of which products	Gross income Operating income (EBIT) EBITA Restructuring charges	Sales breakdown by region
IT & Cloud	Total net sales - of which services - of which products	Gross income Operating income (EBIT) EBITA Restructuring charges	Sales breakdown by region
Media	Total net sales	Gross income Operating income (EBIT) EBITA Restructuring charges	Sales breakdown by region

Q1 2017 actuals first reporting according to new structure

# 2016 → 2017 SEGMENT STRUCTURE



<sup>1)</sup> IT Support

<sup>2)</sup> IT Managed Services

# SEGMENT SUMMARY

## INCOME AND MARGIN EXCLUDING RESTRUCTURING CHARGES



### Networks

SEK b.	2016 Jan-Dec	2015 Jan-Dec
Net sales	165.0	184.8
-Products	92.6	105.8
-Services	72.4	79.0
Gross margin	30%	33%
Op. income	19.7	29.9
Op. margin	12%	16%
<i>Restr. charges</i>	-3.9	-3.0

- › Industry/macro-economic situation impacted sales.
- › Lower share of mobile broadband capacity sales and IPR revenues.
- › Operating expenses reduced.
- › IPR revenues 2016 SEK 8.0 (11.6) b.

### IT & Cloud

SEK b.	2016 Jan-Dec	2015 Jan-Dec
Net sales	47.9	51.8
-Products	22.2	26.4
-Services	25.7	25.4
Gross margin	35%	42%
Op. income	-4.0	-2.0
Op. margin	-8%	-4%
<i>Restr. charges</i>	-3.1	-1.9

- › Declining classic product sales, lower IPR revenues. Overall market demand weaker.
- › Services sales stable. C&SI margins lower due to transformation projects – however improved during the year.
- › Margin impacted by the ongoing portfolio shifts and increased services share.
- › Operating expenses significantly reduced.
- › IPR revenues 2016 SEK 1.0 (1.4) b.

### Media

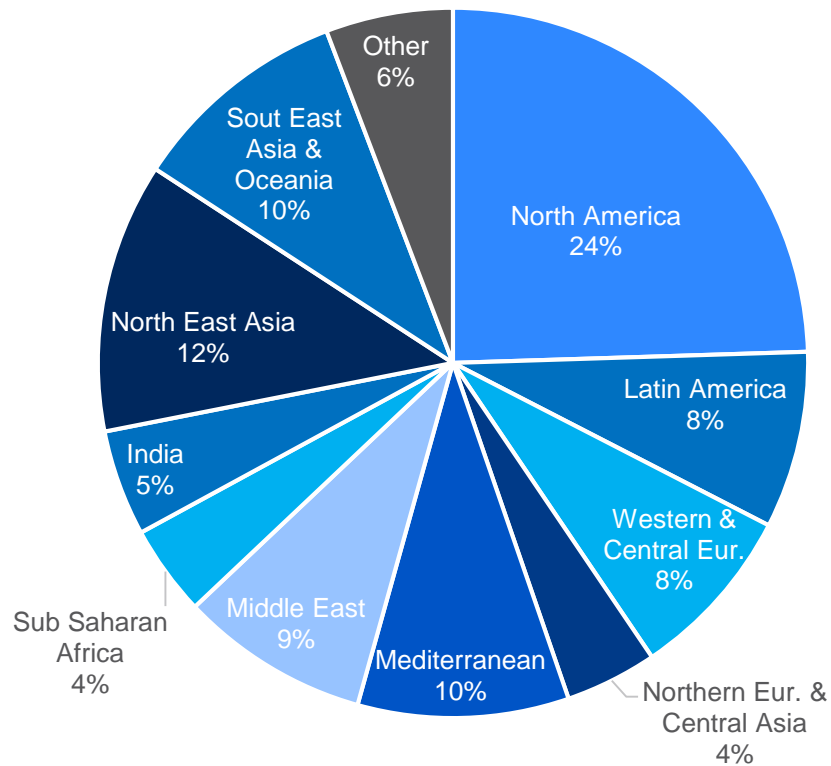
SEK b.	2016 Jan-Dec	2015 Jan-Dec
Net sales	9.7	10.4
Gross margin	37%	45%
Op. income	-1.8	-1.0
Op. margin	-19%	-10%
<i>Restr. charges</i>	-0.6	-0.2

- › Declining legacy product sales and lower IPR revenues.
- › Margin impacted by changed business mix and certain one-off items of SEK -0.2 b. in Q416.
- › Operating expenses reduced.
- › IPR revenues 2016 SEK 1.0 (1.4) b.

# UNCHANGED REGIONAL REPORTING



Ericsson 2016  
full year sales



- › Sales breakdown into 10 geographical regions + region “Other”
  - Total and by segment
- › IPR & licensing remain part of region “Other”
  - 80% Networks, 10% IT & Cloud, 10% Media
- › Broadcast services sales now in geographical regions, previously in “Other”
- › Industry & Society sales remain in geographical regions



Q & A



**ERICSSON**