FIRST QUARTER 2017

Apr 25, 2017

PETER NYQUIST

Vice President Investor Relations

FIRST QUARTER 2017

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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.

BÖRJE EKHOLM

President and CEO

STARTING POINT

- Unsatisfactory company performance - highlights need for the new strategy
- A challenging quarter– but mixed picture
  - Solid Networks result despite declining sales
  - Accelerated losses in IT & Cloud and Media – additional actions initiated
- Focused strategy launched to revitalize technology and market leadership, improve group profitability
  - Focus the portfolio, secure effectiveness and efficiency
  - Intensify cost structure improvements – focus further on structural changes
  - Selectively increase investments in certain core areas
- Significantly improved profitability already in 2018 expected
  - Beyond 2018 we believe we can at least double 2016 underlying operating margin

FIRST QUARTER 2017

- Sales adjusted for FX -16% YoY
  - Sales adjusted for FX and IPR -12% YoY
- Significant adjustments to Q1 2017 result of SEK 13.4 b.
  - Restructuring charges, asset write-downs as well as provisions and adjustments related to certain customer projects
- Cash flow SEK -1.5 (-2.4) b.
- Cost and efficiency program not yielding sufficient result, based on current profitability

SEGMENT SUMMARY

Tables exclude provisions, write-downs and restructuring charges in 17Q1. 16Q1 and 16Q4 exclude restructuring.

Networks

SEK b.	17Q1	16Q1	16Q4
Sales	36.2	39.9	47.8
GM	31%	33%	27%
Op. income	4.3	6.2	4.8
OM	12%	16%	10%

- Sales adj. for FX -18% YoY
  - Lower mobile broadband investments
  - Reduced scope in MS contract
  - Reduced IPR revenues
  - Impacted by strong Q416
- Op margin 12% (16%)
  - Solid result
  - Lower IPR revenues
- Continued ramp-up of new radio ERS
  - Stabilized market share

IT & Cloud

SEK b.	17Q1	16Q1	16Q4
Sales	9.6	9.8	14.9
GM	28%	34%	36%
Op. income	-2.2	-1.8	0.0
OM	-23%	-18%	0%

- Sales adj. for FX -7% YoY
  - Lower legacy products sales
  - Lower IPR revenues
  - Services share 57% (51%)
- Op income SEK -2.2 (-1.8) b.
  - Reduced services margin
- Not acceptable - turn around actions
  - Accelerate product introductions
  - Streamline services organization
  - Tighten contract scoping
  - Seeking alternatives for IT cloud infrastructure hardware business

  → Tangible improvements expected 2018

Media

SEK b.	17Q1	16Q1	16Q4
Sales	2.0	2.4	2.5
GM	31%	45%	27%
Op. income	-1.0	-0.3	-0.4
OM	-51%	-12%	-17%

- Sales adj. for FX -22% YoY
  - Lower sales of legacy products
  - Lower IPR revenues
- Op margin -51% (-12%)
  - Lower GM and sales
  - Significant losses
- Exploring strategic opportunities

CARL MELLANDER

Chief Financial Officer

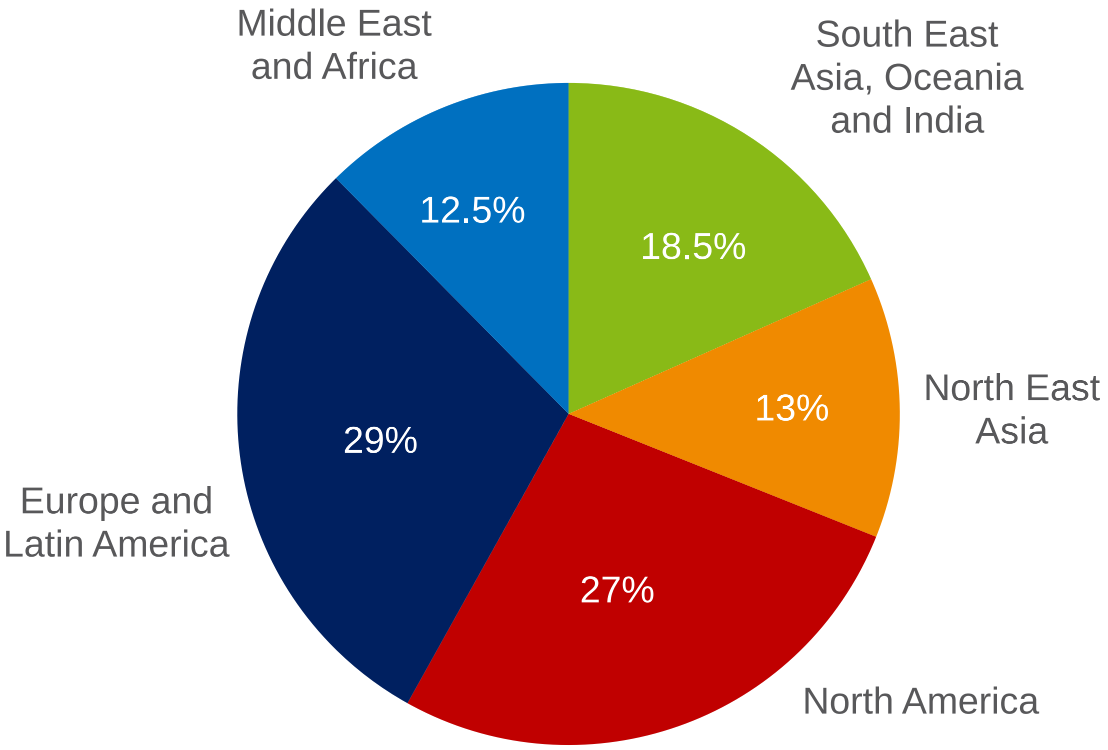
FIRST QUARTER 2017

Adjusted for restructuring charges and items affecting comparability

SEK b.	Q117 reported	Restruct. charges	Write-downs	Provisions and cust. proj. adj.	Q117 adjusted
Net sales	46.4	-	-	1.4	47.8
Gross income	6.4	1.5	-	6.7	14.6
Gross margin	13.9%	-	-	-	30.5%
Operating expenses	-18.9	0.3	3.3	1.7	-13.7
Operating income	**-12.3**	**1.7**	**3.3**	**8.4**	**1.1**
Operating margin	-26.6%	-	-	-	2.3%

› Future cash flow impact from provisions and customer project adjustments estimated to be SEK 5.8 b., over several years

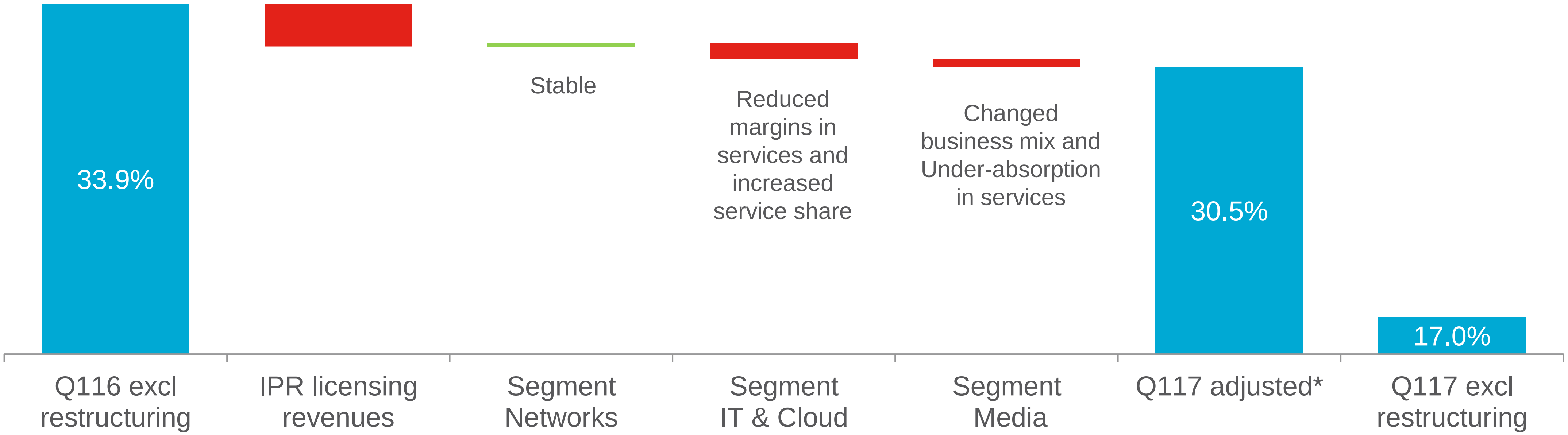
Q1 SALES
GEOGRAPHICAL OVERVIEW



Excluding Region Other

- South East Asia, Oceania and India (1% YoY)
  - Operator consolidations in India
  - Continued MBB investments in South East Asia
- North East Asia (0% YoY)
  - Mainland China decline offset by growth in Japan and Korea
- North America (-10% YoY)
  - Mainly due to reduced scope in MS contract
- Europe and Latin America (-16% YoY)
  - Continued reduced MBB investments
  - Slowdown in Mexico
- Middle East and Africa (-5% YoY)
  - Continued challenging macroeconomic environment

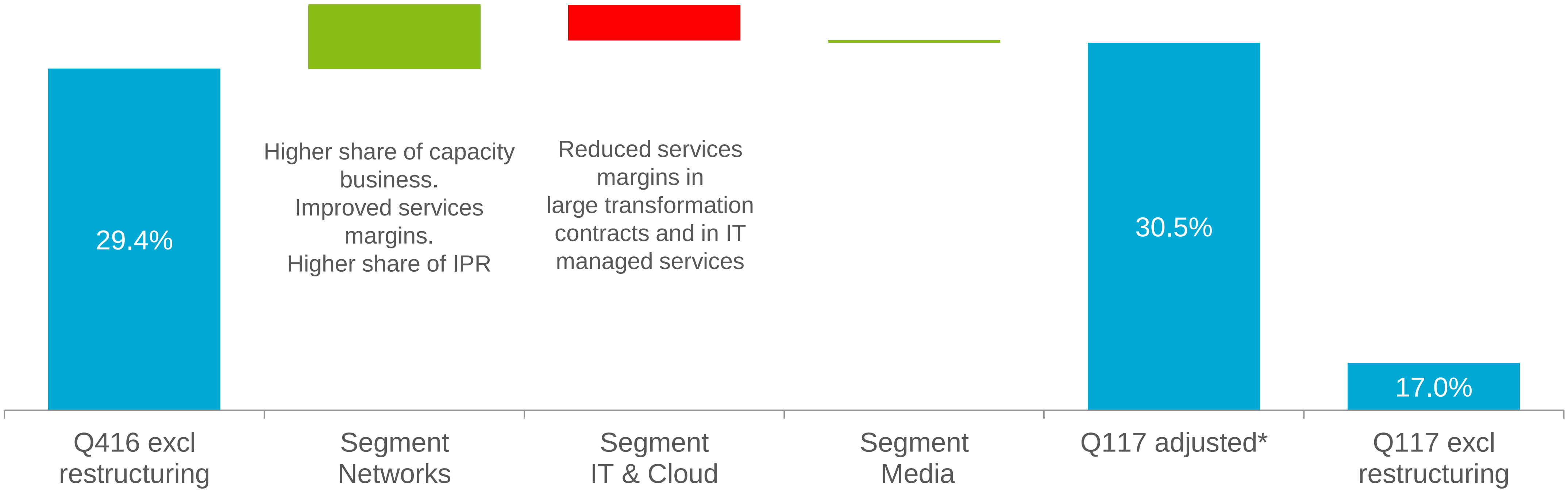
GROSS MARGIN
Q1 YoY



* Excluding restructuring charges, asset write-downs as well as provisions and adjustments related to certain customer projects

IPR revenues and margins in IT & Cloud main reasons for reduced underlying gross margin

GROSS MARGIN
Q1 QoQ



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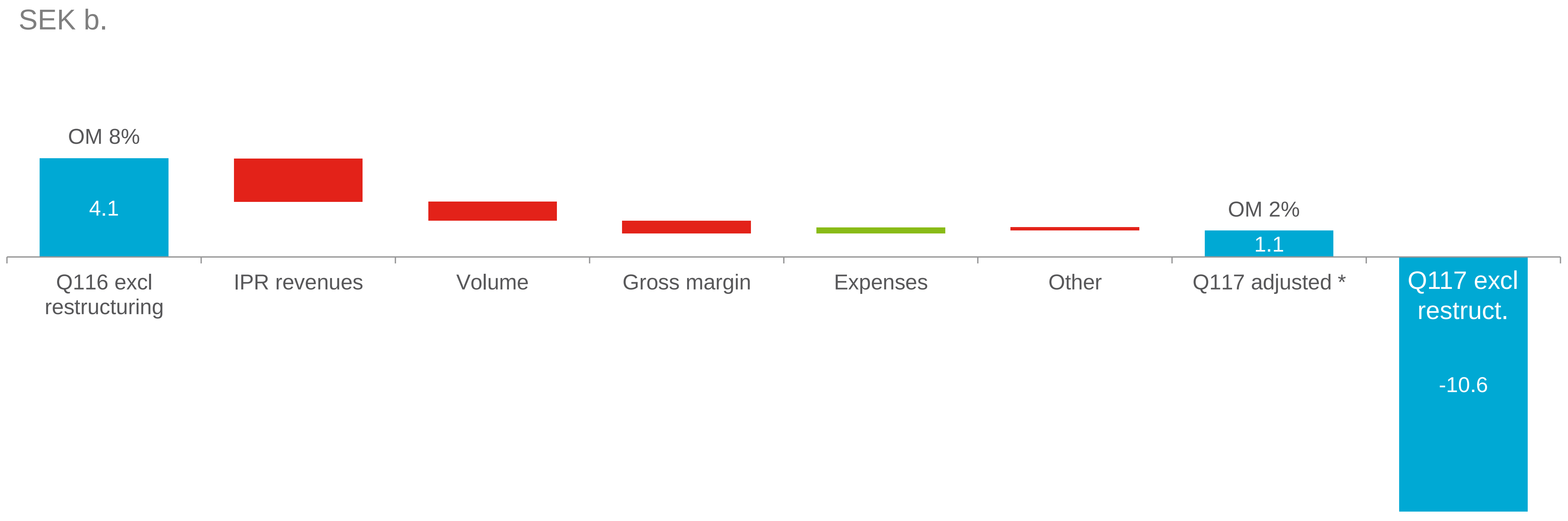
Improved Networks margin partly offset by decline in IT & Cloud

OPERATING INCOME
Q1 YoY



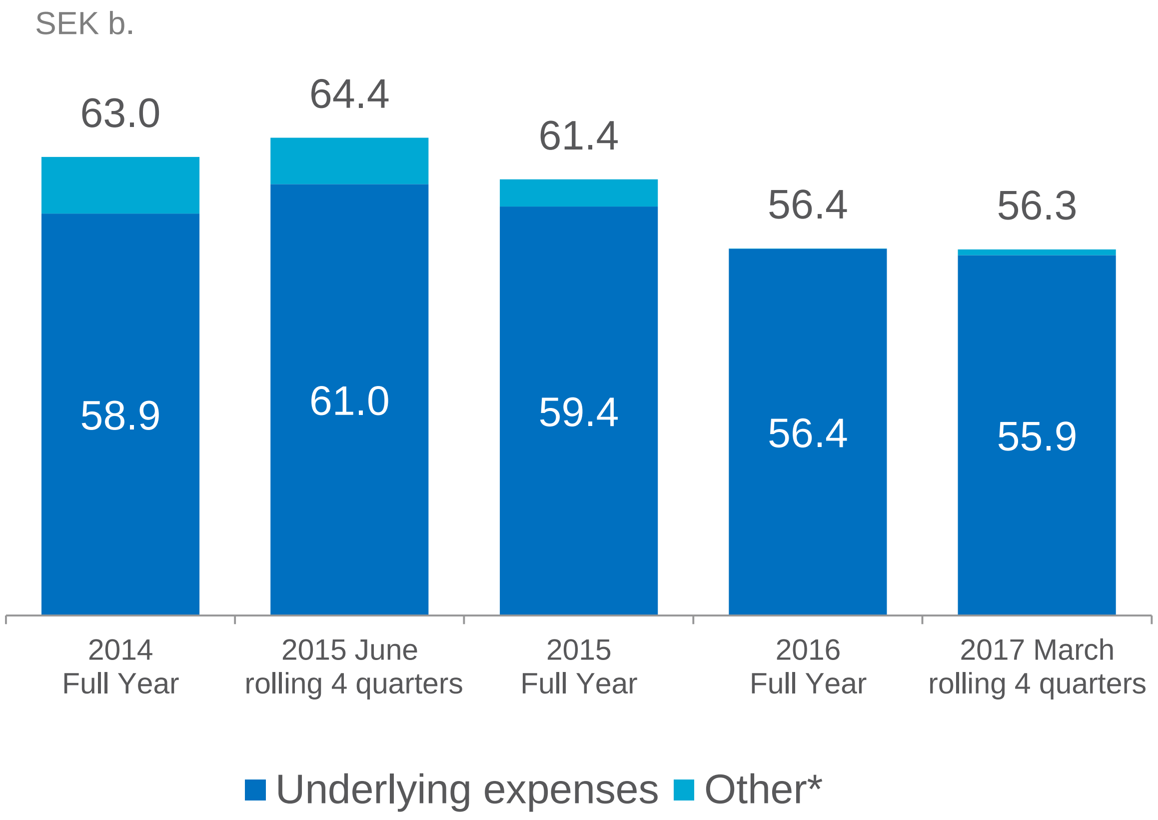
* Excluding restructuring charges, asset write-downs as well as provisions and adjustments related to certain customer projects

IPR revenues and lower volumes main drivers for the reduced underlying result

COST SAVINGS

› Cost and efficiency program is not yielding sufficient result
  – Focus further on structural changes for increased cost competitiveness
› Underlying expenses reduced by SEK 0.5 b.
› Restructuring charges for 2017
  – With current plans, estimated to be approximately SEK 6-8 b. for implementation of the focused business strategy
› Our target is to surpass previous ambitions
  – Need to increase investments in certain core areas - can temporarily increase cost levels

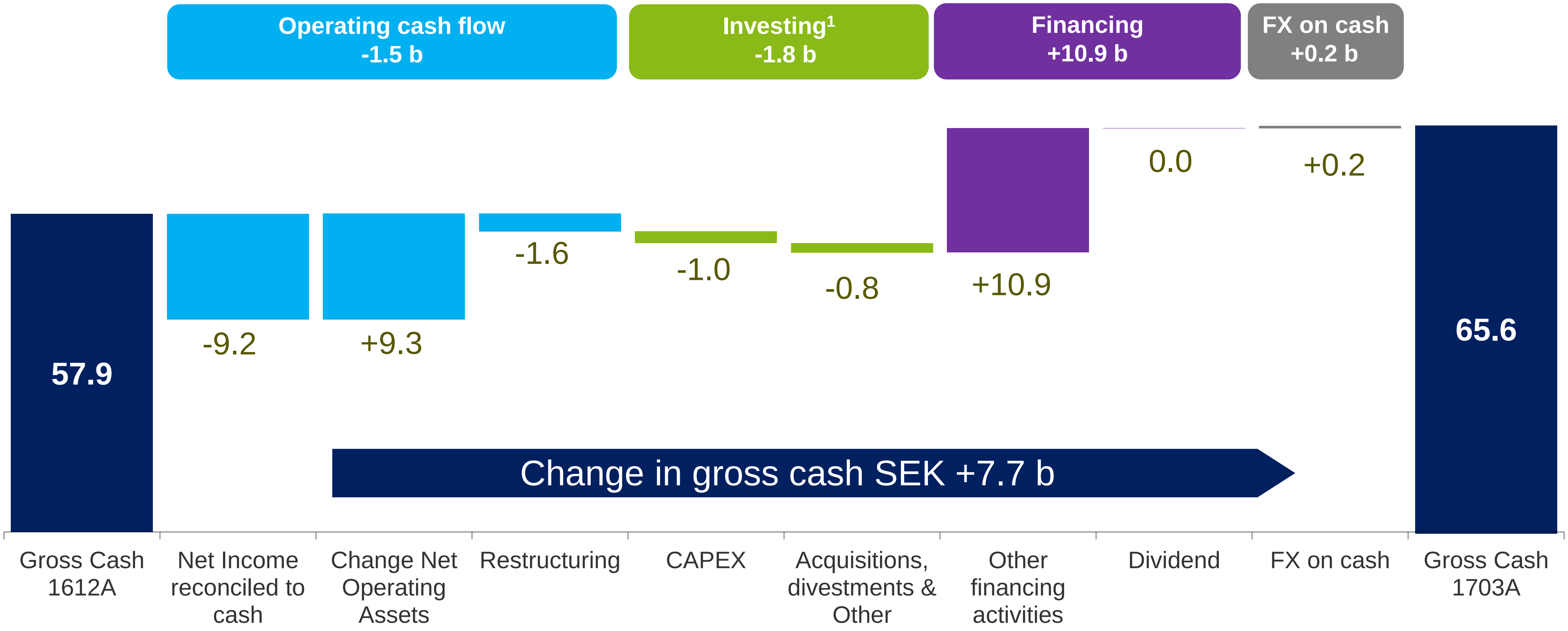
Opex, excl. restructuring and Q117 adjustments[1)]



* Net of: capitalized and depreciated development expenses, and amortized intangible assets.
[1)] Excluding restructuring charges, asset write-downs as well as provisions and adjustments related to certain customer projects

This slide contains forward-looking statements. Actual result may be materially different.

CHANGE IN GROSS CASH Q1



Change in net cash SEK -2.9 b.

[1)] Excluding Interest-bearing securities

Launch of 2 new Euro bonds, together amounting to EUR 1.0 b.

ALIGNING REPORTING TO NEW ORGANIZATION

› Renamed segments from Q2 2017
  – Networks unchanged
  – IT & Cloud unchanged
  – Media reported as Other

› The current 10 Regions will become 5 Market areas

› In Q1 2018, at the latest, the reporting structure will be fully aligned with the new organization
  – Restated numbers will be provided in advance

PLANNING ASSUMPTIONS

From the Q1 report

- Industry trends and business mix in mobile broadband from 2016 are expected to prevail in 2017
- RAN equipment market in USD estimated to decline by -2% to -6% in 2017
- The renewed MS contract in North America will impact sales negatively YoY in Q2 and Q3 2017
- Addressing low-performing operations in MS and optimizing NRO offering expected to reduce FY19 sales up to SEK 10 b.
- Baseline for current IPR licensing contract portfolio is approx. SEK 7 b. on an annual basis
- Restructuring charges for 2017 are estimated to SEK 6-8 b.

Based on current visibility, assessments and FX rates

BÖRJE EKHOLM

President and CEO

FOCUSED BUSINESS STRATEGY

- 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

At least double the 2016 operating margin, excluding restructuring charges, beyond 2018

Q&A

ERICSSON

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