
HANS VESTBERG AT ERICSSON AGM: “TRANSFORMATION CREATES SUSTAINABLE VALUE”

- President and CEO summarizes Ericsson’s Networked Society strategy and reviews 2015 financial performance
- Sustainability & Corporate Responsibility Report shows 20 million people directly impacted by Ericsson’s Technology for Good initiatives
- Ericsson leading the way toward 5G with 21 customer contracts, test-bed leadership and industry and academia research cooperation

Speaking at the Ericsson (NASDAQ: ERIC) Annual General Meeting (AGM), President and CEO Hans Vestberg summarized the company’s Networked Society strategy and reviewed its financial performance in 2015.

NETWORKED SOCIETY STRATEGY

Vestberg explained that broadband, mobility and cloud are reshaping value chains, digitalizing business models and creating new possibilities in every industry. Ericsson’s strategy aims to secure the company’s relevance as this transformation accelerates.

Vestberg said: “Just like our industry and our customers, Ericsson is on a transformation journey. Our Networked Society strategy requires us to excel in our core business and establish a leadership position in targeted areas.”

“By executing on this strategy, we will continue to lead our industry and create new opportunities for growth.”

Ericsson’s core business consists of radio, core and transmission networks, and telecommunications services. Targeted areas include Cloud, IP networks, TV & Media, OSS/BSS, and Industry & Society, which represent new customer segments outside the telecommunications operator domain.

In 2015, sales in targeted areas grew 20 percent year-on-year, accounting for 18 percent of Ericsson’s total sales in the year.

FINANCIAL PERFORMANCE

Overall, Ericsson’s net sales increased 8 percent to SEK 246.9 billion. Operating income rose 30 percent to SEK 21.8 billion, while cash flow was up 10 percent to SEK 20.6 billion.

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CORPORATE RESPONSIBILITY

In conjunction with the AGM, Ericsson published its 23rd annual Sustainability and Corporate Responsibility Report, which details the company's performance in 2015 in three areas: responsible business; energy, environment and climate change; and communication for all.

The report shows that by the end of 2015, 20 million people had been directly impacted by Ericsson's Technology for Good initiatives, such as the Connect To Learn program that uses ICT to improve access to quality secondary education for over 76,000 students in 22 countries.

It also highlights how ICT can accelerate achievement of the United Nations Sustainable Development Goals – for example, mobile money services can reduce inequalities and enable financial inclusion.

Elaine Weidman-Grunewald, Vice President, Sustainability and Corporate Responsibility, Ericsson, said: "By embedding sustainability and corporate responsibility into our business, we have a strong platform for progress and positive impacts. We will continue to work in public-private partnership and advocate Technology for Good to drive change for the better."

LEADING THE WAY TOWARD 5G

Sara Mazur, Head of Ericsson Research, highlighted the role of innovation as the foundation of Ericsson's technology and services leadership. In 2015, the company invested SEK 32.8 billion in research and development, and today has an industry-leading portfolio of 39,000 patents.

She explained that Ericsson is leading the way toward 5G – the company has 21 contracts with operators around the world, a 5G test-bed that demonstrates speeds over 25 Gbps, and research partnerships that combine Ericsson's capabilities with the strengths and insights of customers, industries and academia.

Mazur also presented Ericsson's Inventor of the Year awards. The 2015 winners were John Diachina, Senior Engineer in Architecture and Protocol Design, Karl Norrman, Master Researcher in Security and Magnus Stattin, Master Researcher in Wireless Access Networks, who together hold more than 250 patents.

CONCLUDING COMMENTS

Vestberg closed the presentation with three priorities for 2016:

1. **Core business** – while market conditions are challenging in certain parts of the world, Ericsson will continue to capture business opportunities as more markets shift to 4G. At the same time, the company will extend its technology leadership in the emerging 5G market.
2. **Targeted areas** – after a period of investing to create growth, Ericsson needs to improve earnings in targeted areas. This will involve a stronger focus on software sales and

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recurring business as a complement to the already strong Professional Services business.

3. **Cost and efficiency** – Ericsson is on target to achieve annual net savings of SEK 9 billion during 2017, and will take all necessary actions to remain competitive in a fast-changing ICT market.

Vestberg concluded: “ICT opens up new possibilities for people, business and society – and the pace of change will never be as slow as it is today. This year, we celebrate Ericsson’s 140th anniversary, and we are transforming in order to continue leading the industry and to create sustainable value for our shareholders, customers, employees and society.”

NOTES TO EDITORS

For media kits, backgrounders and high-resolution photos, please visit www.ericsson.com/press

Ericsson is the driving force behind the Networked Society – a world leader in communications technology and services. Our long-term relationships with every major telecom operator in the world allow people, business and society to fulfill their potential and create a more sustainable future.

Our services, software and infrastructure – especially in mobility, broadband and the cloud – are enabling the telecom industry and other sectors to do better business, increase efficiency, improve the user experience and capture new opportunities.

With approximately 115,000 professionals and customers in 180 countries, we combine global scale with technology and services leadership. We support networks that connect more than 2.5 billion subscribers. Forty percent of the world’s mobile traffic is carried over Ericsson networks. And our investments in research and development ensure that our solutions – and our customers – stay in front.

Founded in 1876, Ericsson has its headquarters in Stockholm, Sweden. Net sales in 2015 were SEK 246.9 billion (USD 29.4 billion). Ericsson is listed on NASDAQ OMX stock exchange in Stockholm and the NASDAQ in New York.

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