
ERICSSON CAPITAL MARKETS DAY 2015

- Progress update on execution of strategic agenda, building on core areas and targeted growth areas to further expand leadership position.
- Outlook on growth for 2014-2018 for the projected total addressable market of a CAGR of 2 to 4 percent, with continued ambition to grow faster than the market.
- Estimated market growth for targeted areas 10% CAGR, with Ericsson outperforming market growth year to date
- Cost and efficiency program on track, with the target to achieve annual net savings of SEK 9 billion during 2017.

Ericsson (NASDAQ:ERIC) will hold its Capital Markets Day in Stockholm today. The company will give an update on the progress of its Networked Society strategy, focusing on market development, growth agenda, and profitability.

Hans Vestberg, President and CEO, says: "We are continuing our journey to transform Ericsson into a leading ICT player, building on our leadership in our core business and extending into targeted growth areas."

The partnership with Cisco announced on November 9, targeting USD 1 billion or more in additional sales by 2018, will be discussed by Hans Vestberg and John Chambers, Executive Chairman, Cisco.

Hans Vestberg continues: "The partnership with Cisco is a key step forward in our company transformation and enables us to create unique value for our customers. Together, we will build on our longstanding technology and services leadership to define the networks of the future and accelerate realization of the Networked Society."

Growth agenda

Ericsson has set out a clear, long-term strategic framework to lead the ICT industry and drive the transformations of society and industry alike through mobility. This framework includes the following key components:

- Excel in our core business - radio, core and transmission, and telecommunications services
- Establish leadership in targeted areas - cloud, IP networks, TV and media, OSS and BSS, as well as in the realm of Industry & Society, addressing new customer segments outside of the telecommunications operator domain

These targeted areas are selected based on factors including clear adjacency to the core business, high degree of software and professional services, high degree of recurrent revenues, and higher market growth than the core business areas. In addition, the targeted areas are less capital-intensive than today's core business.

For 2015, rolling four quarters, the total sales in targeted areas amounted to SEK 45 billion, up from SEK 35 billion for the same period last year and representing a growing share of Ericsson's total sales. Estimated market growth for targeted areas 10% CAGR, with Ericsson outperforming market growth year to date

Adding to the growth agenda, the newly announced Cisco partnership is expected to generate USD 1 billion or more of additional sales by 2018. The additional sales are expected to be accretive to operating income already 2016.

Market development

Ericsson estimates that the total network equipment market during the years 2014-2018 will show a CAGR of 1 to 3 percent; the telecom services market is estimated to show a CAGR of 3 to 5 percent; and the market for support solutions is forecasted to show a CAGR of 7 to 9 percent in the same period. Market growth in targeted areas is on average estimated at CAGR 10%

Ericsson's ambition is to continue to grow faster than the projected total addressable market CAGR of 2 to 4 percent in 2014-2018, including growing faster than the market in targeted areas.

Profit improvement and efficiency and cost reductions

The cost and efficiency program announced in November 2014 with target of achieving annual net savings of SEK 9 billion during 2017 is tracking according to plan. Examples of achievements so far include discontinuation of modem operations; the first ICT center taken into operation; announced closure of the supply site in Katrineholm, Sweden; and headcount reductions.

The program is expected to generate approximately SEK 3.5 to 4.5 billion in restructuring charges 2015-2017, a revision from the previously communicated expectation of SEK 3 to 4 billion. It is estimated that half of the savings will reduce Ericsson's operating expenses (OPEX) and the other half will impact cost of sales (CoS).

Presenters

Hans Vestberg will be joined on stage at the Capital Markets Day by and John Chambers, Executive Chairman, Cisco, as well as several executive leadership team members of Ericsson including: Jan Frykhammar, CFO; Magnus Mandersson, Head of Segment Global

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Services; Per Borgklint, Head of Segment Support Solutions; Arun Bansal, Head of Business Unit Radio; Anders Lindblad, Head of Business Unit IP and Cloud; and Rima Qureshi, Head of Strategy. In addition, Marie Fossum, Head of Energy & Utilities and Jean-Philippe Poirault, Head of Consulting & Systems Integration will present at today's event, which takes place at Kistamässan in Stockholm, Sweden.

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 2014 were SEK 228.0 billion (USD 33.1 billion). Ericsson is listed on NASDAQ OMX stock exchange in Stockholm and the NASDAQ in New York.

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Ericsson Forward-Looking Statement

All statements made or incorporated by reference in this release, other than statements or characterizations of historical facts, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Forward-looking statements can often be identified by words such as "anticipates", "expects", "intends", "plans", "predicts", "believes", "seeks", "estimates", "may", "will", "should", "would", "potential", "continue", and variations or negatives of these words, and include, among others, statements regarding: (i) strategies, outlook and growth prospects; (ii) positioning to deliver future plans and to realize potential for future growth; (iii) liquidity and capital resources and expenditure, and our credit ratings; (iv) growth in demand for our products and services; (v) our joint venture activities; (vi) economic outlook and industry trends; (vii) developments of our markets; (viii) the impact of regulatory initiatives; (ix) research and development expenditures; (x) the strength of our competitors; (xi) future cost savings; (xii) plans to launch new products and services; (xiii) assessments of risks; (xiv) integration of acquired businesses; (xv) compliance with rules and regulations and (xvi) infringements of intellectual property rights of others. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward looking statements. These forward-looking statements speak only as of the date hereof and are based upon the information available to us at this time. Such information is subject to change, and we will not necessarily inform you of such changes. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors. Important factors that may cause such a difference for Ericsson include, but are not limited to: (i) material adverse changes in the markets in which we operate or in global economic conditions; (ii) increased product and price competition; (iii) reductions in capital expenditure by network operators; (iv) the cost of technological innovation and increased expenditure to improve quality of service; (v) significant changes in market share for our principal products and services; (vi) foreign exchange rate or interest rate fluctuations; and (vii) the successful implementation of our business and operational initiatives.