Ericsson Second quarter 2024

July 12, 2024



Second 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.

© Telefonaktiebolaget LM Ericsson 2024

Business Overview



Börje Ekholm
President and CEO

Q2 2024 – Key takeaways

- Delivering on network technology leadership strategy; externally recognized as 5G leader for 4th consecutive year
- Further progress to build out Global Network Platform for network APIs; Twelve partnerships already announced, two additional in Q2
- Strong gross margin expansion, supported by IPR agreement, cost actions and competitive portfolio despite a challenging market
- New 5G patent licensing agreement signed; on track to deliver the SEK 12-13 b. IPR revenue target for 2024
- Impairment charges impacting Q2, refocusing Enterprise investments in strategically prioritized areas

Organic[1] sales YoY:

-7%

Adjusted[2] gross margin:

43.9%

Adjusted[2] EBITA margin:

6.8%

Maintaining our leading market position

[1] Sales adjusted for the impact of acquisitions and divestments and effects of foreign currency fluctuations.
[2] Excluding restructuring charges.
This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

© Telefonaktiebolaget LM Ericsson 2024

Sales development by market area and segment

Market Area net sales (Q2 2024, SEK b.)		Organic growth (Q2 2024 YoY)	Networks	Cloud Software and Services	Enterprise	
			65%	24%	10%	% of net sales FY 2023
North America	16.6	14%	↗	↘		22%
Europe and Latin America	15.6	-3%	↘	→		25%
South East Asia, Oceania and India	7.7	-44%	↘	↗		20%
North East Asia	4.6	-3%	↘	↘		9%
Middle East and Africa	4.9	-8%	↘	↘		9%
Other (IPR and most of Enterprise)	10.4	7%	↗	↗	→	15%
Total	**59.8**	-7%	↘	↘	→	100%

↗ Indicates direction of year-on-year sales development

© Telefonaktiebolaget LM Ericsson 2024

This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

Financial Overview



Lars Sandström
Chief Financial Officer

Financial update Q2 2024

Financial performance

Adjusted

SEK b.	Q2-24	Q2-24[2] Ex impairment	Q2-23	YoY	Q1-24
Net sales	59.8		64.4	-7%	53.3
Organic sales				-7%	
Gross income	26.3		24.7	7%	22.8
Gross margin	*43.9%*		*38.3%*		*42.7%*
R&D expenses	-14.1	-12.9	-12.1		-11.6
SG&A expenses	-22.7	-10.1	-9.7		-8.6
Other op. income & expenses	-1.3	0.0	0.3		2.0
EBIT (loss)	-11.9	3.2	2.8		4.3
EBIT margin	*-19.9%*	*5.4%*	*4.4%*		*8.1%*
EBITA	4.1		3.7	10%	5.1
EBITA margin	*6.8%*		*5.7%*		*9.6%*
Net income (loss)[1]	-11.0	1.7	-0.6		2.6
Free cash flow b. M&A	7.6		-5.0		3.7

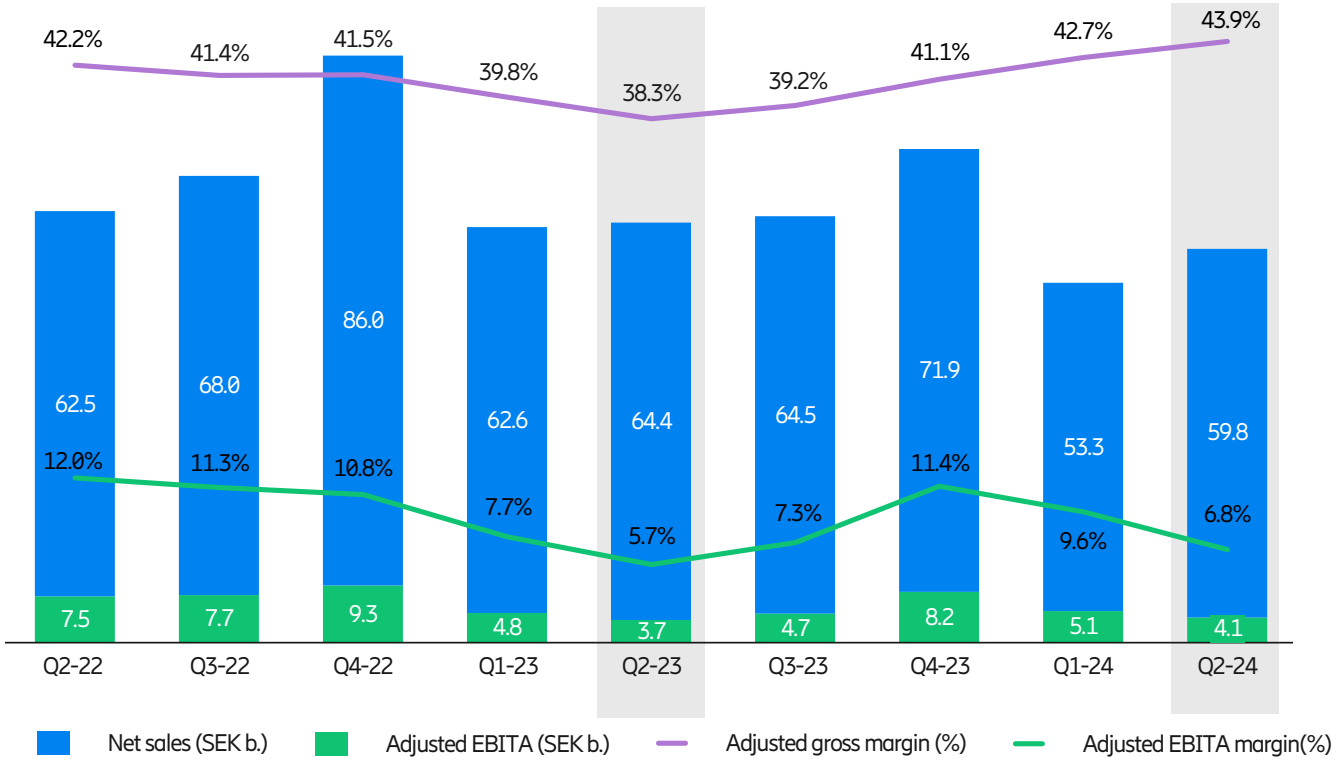
- Organic sales : -7% YoY
  - Organic sales in North America grew by 14%
- Adjusted gross margin: 43.9%
  - Strong gross margin supported by IPR revenue, cost actions and competitive portfolio
- Adjusted EBITA margin: 6.8%
  - Higher gross income partly offset by increased operating expenses
- Free cash flow before M&A: SEK 7.6 b.
  - Strong working capital reduction

[1] Including restructuring charges.
[2] Excluding the non-cash impairment recorded in the second quarter 2024, relating to the impairment of intangible assets mainly attributed to the Vonage acquisition.
This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

© Telefonaktiebolaget LM Ericsson 2024

Financial trends Q2 2024

Net sales, adjusted EBITA, adjusted gross margin and adjusted EBITA margin

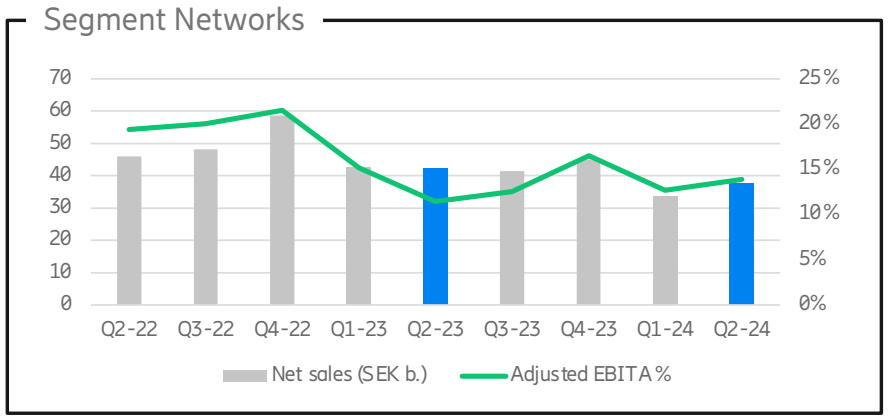


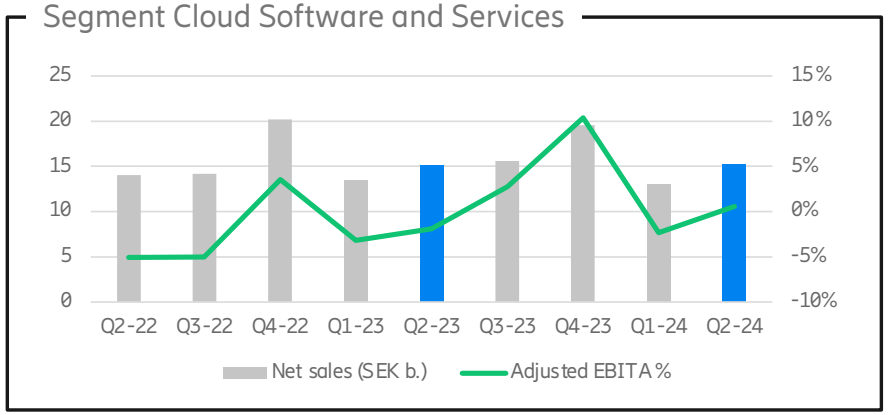
- Reduced operator investment levels across most geographies
- Strong adjusted gross margin of 43.9%, supported by Networks at 46.1%
- Adjusted EBITA increased 10% YoY, with higher gross income partly offset by higher operating expenses
- Cloud Software and Services and Enterprise sales broadly stable YoY

This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

Mobile Networks

Highlights



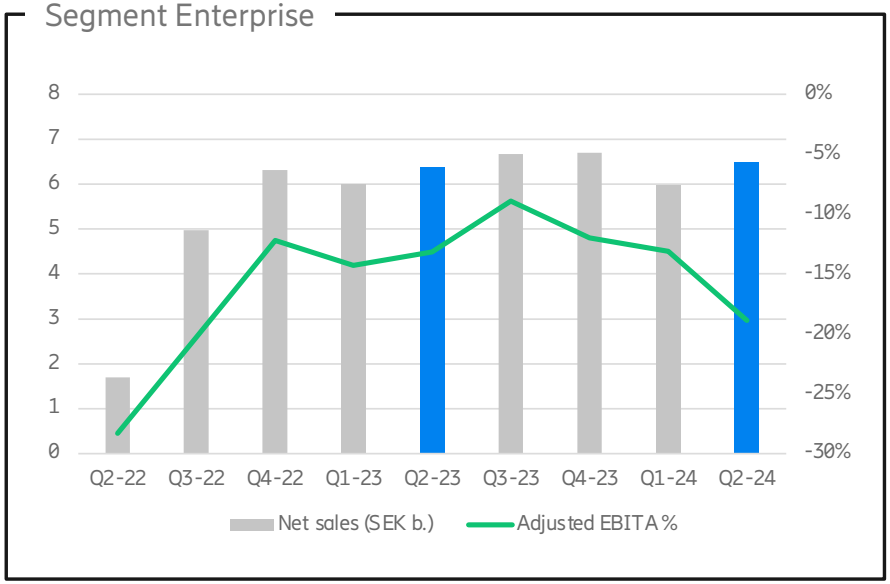


- Networks
  - Reduced operator investment levels across most geographies
  - Organic sales growth in North America of 20% YoY
  - Strong adjusted gross margin of 46.1%
  - Increase in adjusted EBITA to SEK 5.3 b.
- Cloud Software and Services
  - Sales stable YoY at SEK 15.2 b.
  - Growth in core networks
  - Adjusted EBITA of SEK 0.1 b. with continued improvement on a 12-month rolling basis
- IPR revenue increased in the quarter to SEK 3.9 b.

© Telefonaktiebolaget LM Ericsson 2024 | Second quarter report 2024 | July 12, 2024

This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

Enterprise
Highlights



- Organic sales stable YoY in Q2
  - Growth in Enterprise Wireless Solutions and Technologies and New Businesses
  - Sales in Global Communications Platform impacted by decision to reduce activities in some countries and Q4 2023 low margin contract loss
- Adjusted gross margin increased to 51.1%
- Adjusted EBITA (loss) decreased to SEK -1.2 b.
  - Increased Enterprise investments to drive operational efficiency
- Continue to invest to build a Global Network Platform for network APIs

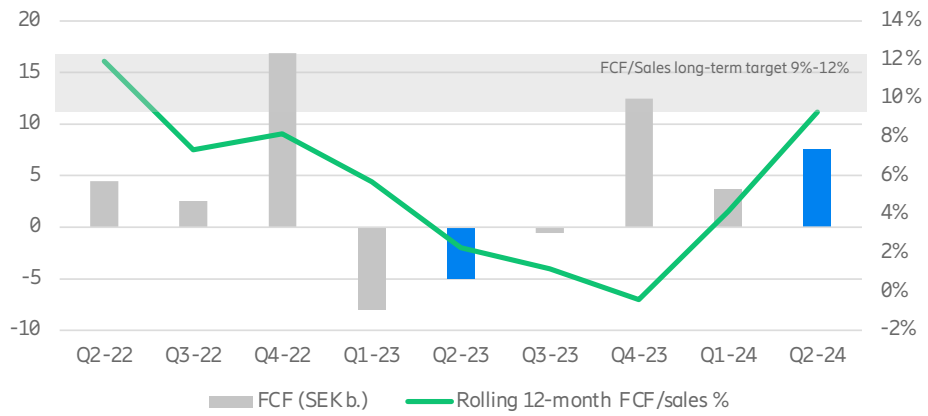
© Telefonaktiebolaget LM Ericsson 2024 | Second quarter report 2024 | July 12, 2024

This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

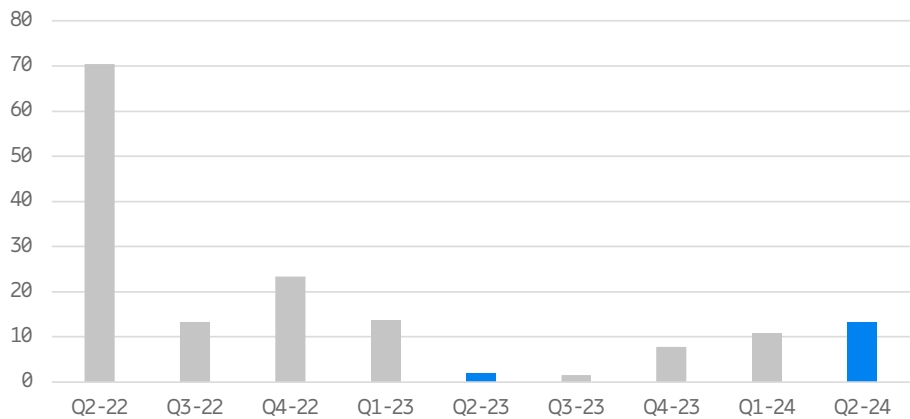
Cash flow and financial position

First quarter highlights

Free cash flow before M&A (SEK b.)



Net cash (SEK b.)



SEK 7.6 b.

SEK 13.1 b.

© Telefonaktiebolaget LM Ericsson 2024 | Second quarter report 2024 | July 12, 2024

This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

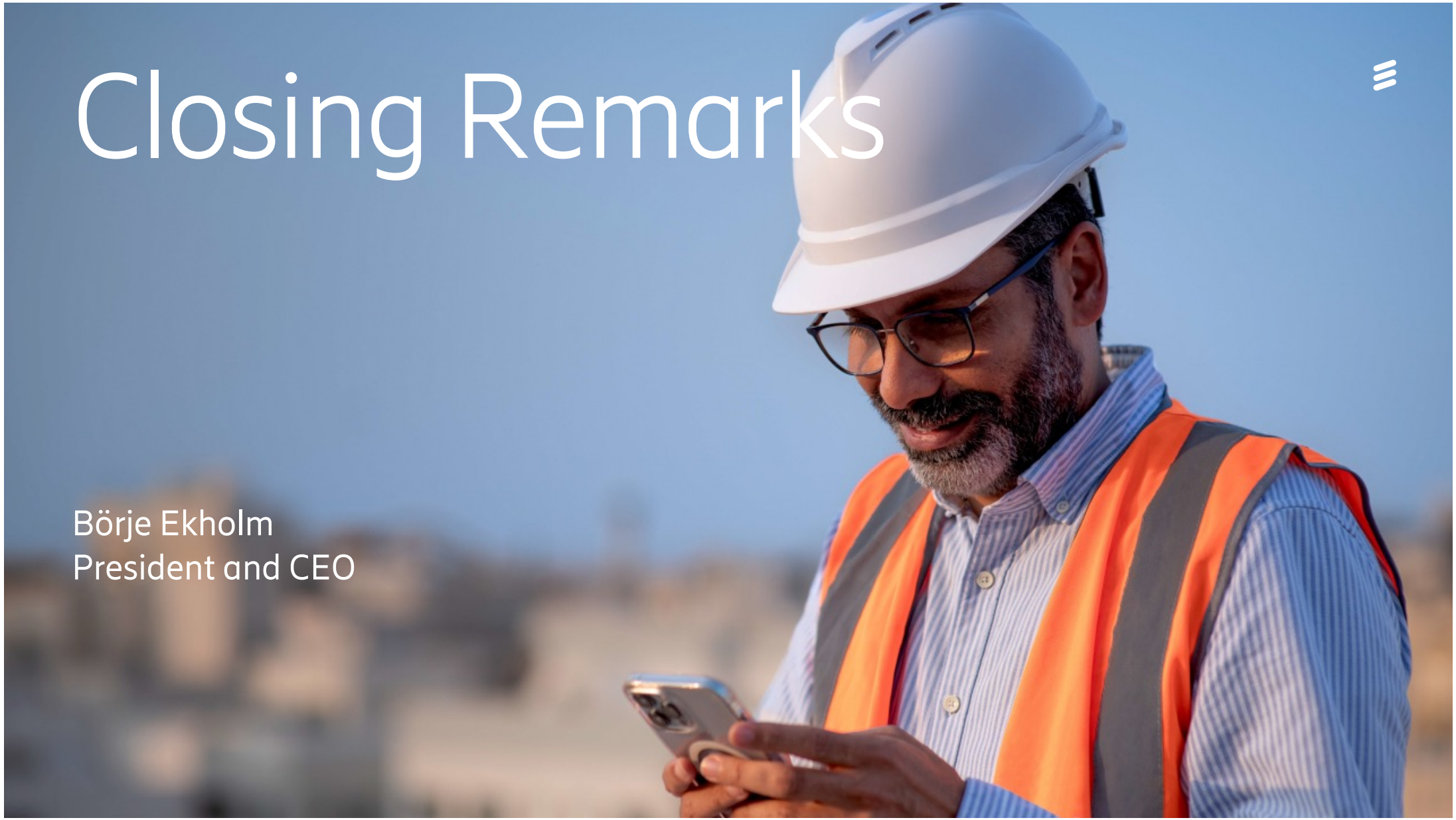
Outlook[1]

Sales Networks	Average seasonality between Q2 and Q3 last 3 years: +1%
Sales Cloud Software and Services	Average seasonality between Q2 and Q3 last 3 years: +4%
Adj. gross margin Networks	Adjusted gross margin in Q3 is expected to be in the range of 45-47%
Amortization intangible assets	'Around' SEK -0.5 b. per quarter, of which c. SEK -0.4 b. related to Enterprise
Restructuring charges	Estimated to be SEK 3.0-4.0 b. in 2024

© Telefonaktiebolaget LM Ericsson 2024 | Second quarter report 2024 | July 12, 2024

[1] See key data points, page 8, second quarter results.
This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

Closing Remarks



Börje Ekholm
President and CEO

Summary

- Fully focused on strategy execution, in challenging environment
  - 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



Our vision to become the leading networks and enterprise platform is unchanged

© Telefonaktiebolaget LM Ericsson 2024

This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

Q&A

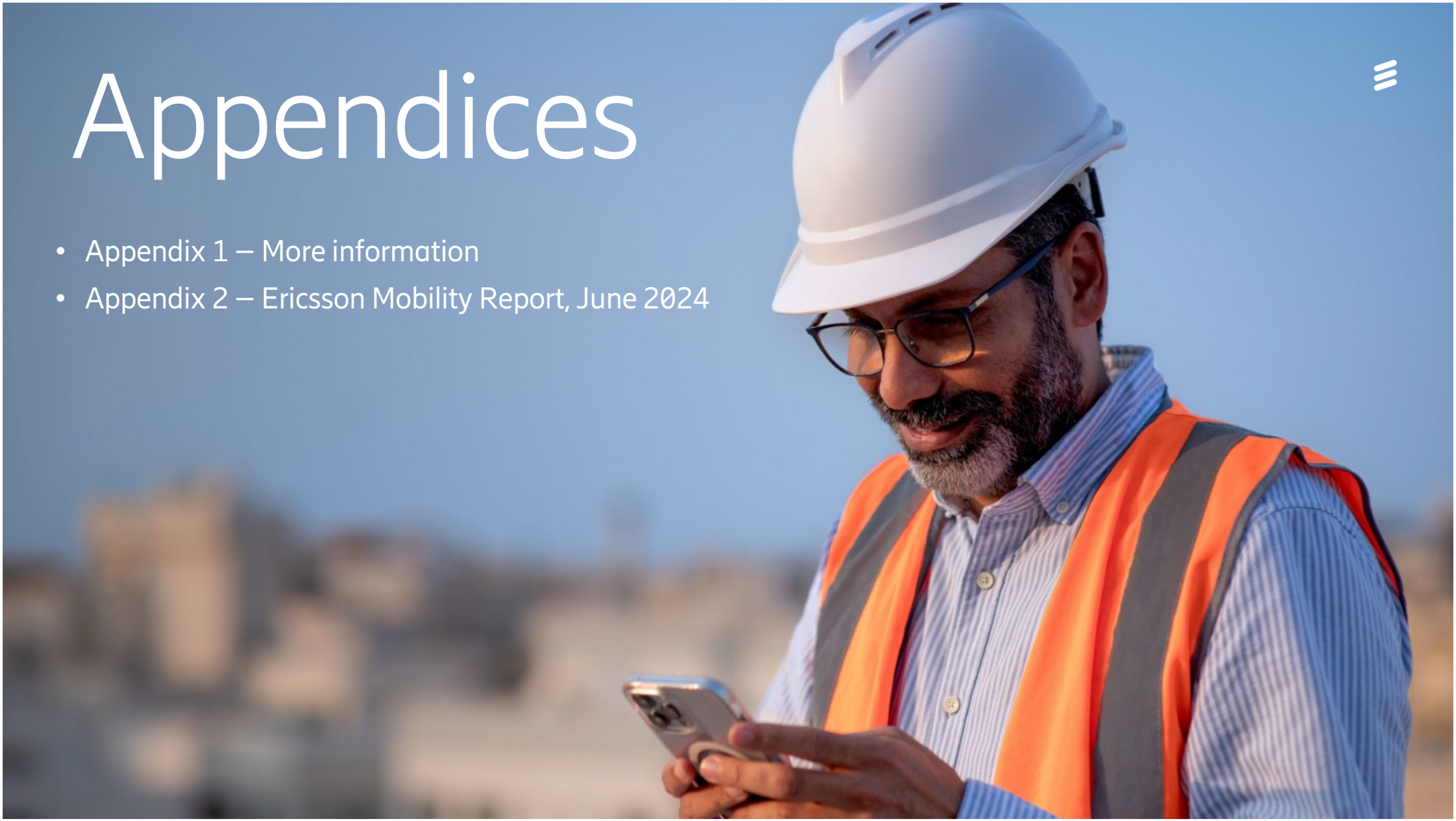
© Telefonaktiebolaget LM Ericsson 2024

This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.



Appendices

- Appendix 1 – More information
- Appendix 2 – Ericsson Mobility Report, June 2024



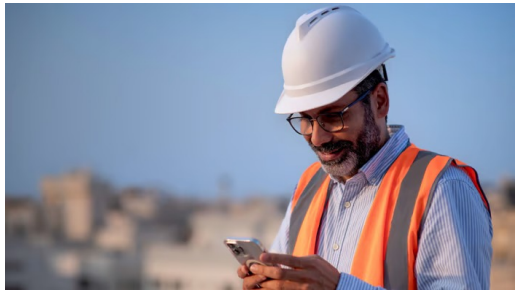
Appendix 1 - More information

Latest Event



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

Latest Information



Second quarter 2024
July 12, 2024
Q2 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

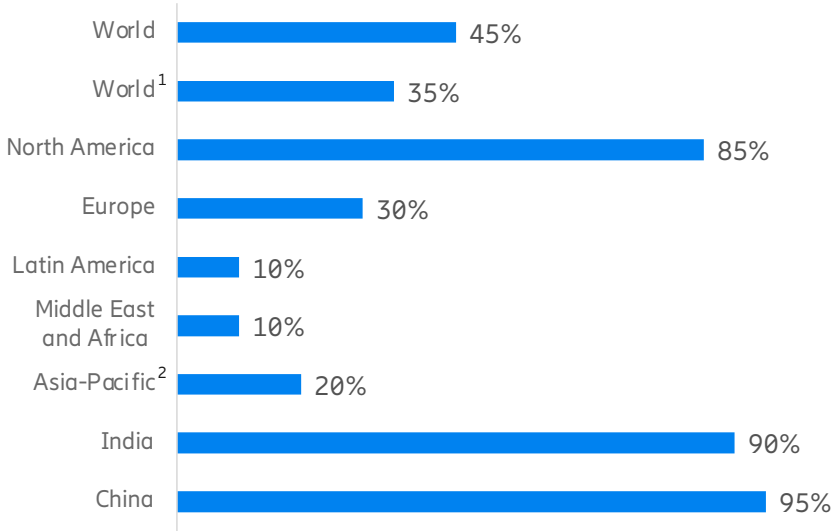
© Telefonaktiebolaget LM Ericsson 2024 | Second quarter report 2024 | July 12, 2024

This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

Appendix 2 – Ericsson Mobility report, June 2024

Download the report here

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



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.

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

[3] Source Counterpoint (May 2024.)

This slide contains forward-looking statements. Actual result may be materially different. See the last page in this presentation for further information about forward-looking statements.

© Telefonaktiebolaget LM Ericsson 2024

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 costs and liability resulting from our ongoing future compliance with the terms of the Plea Agreement with the DOJ and extended monitorship
- Potential to become a target for public scrutiny as a result of entering into the Plea Agreement with the DOJ, which could damage our reputation and materially and adversely affect our business and prospects
- Risks resulting from entering into the Plea Agreement, including potential debarment from government contracting in the United States and elsewhere, reputational risk, as well as potential counterparty reluctance to continue business relationships
- 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
- 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.

This slide contains forward-looking statements. Actual result may be materially different.
See the last page in this presentation for further information about forward-looking statements.

