
ERICSSON ACCELERATES TRANSFORMATION TO DRIVE GROWTH AND PROFITABILITY

- New company structure to accelerate strategy execution and improve performance
- Focus on meeting changing customer requirements and capture market opportunities to drive growth
- Strong focus on cost and efficiency across company
- New business unit structure and appointments to Executive Leadership Team
- New organization effective July 1, 2016, and from Q1, 2017 financial reporting to reflect new structure

Ericsson (NASDAQ:ERIC) today announced a series of organizational and structural changes to strengthen strategy execution to drive growth and profitability. Over the past number of years Ericsson has made a number of key strategic decisions designed to build new revenue areas and to drive efficiencies in the core business. This includes exiting the handset and modems businesses, an enhanced partnership strategy on IP, and investments to build targeted growth areas with strong focus on software and professional services.

Hans Vestberg, President and CEO, Ericsson, says: "We are not satisfied with our overall growth and profitability development over past years. We are today announcing further actions to accelerate strategy execution and to drive efficiency and growth across the company even harder. We will create a leaner, more fit for purpose organization, to cater for the needs of different customer segments and to faster capture market opportunities. As 5G, the Internet of Things, and Cloud drive the next phase of industry development, the time is just right to make these changes."

Overall company strategy execution will be strengthened through an organizational structure aligned around type of customers and type of business. The new structure will have five business units and one dedicated customer group for Industry & Society, in line with the company focus on core business, targeted growth areas and cost and efficiency.

Core business - Two Networks business units, Business Unit Network Products and Business Unit Networks Services, will focus on incremental improvements in networks business performance, capturing opportunities in 4G and extending leadership into 5G. The two business units will leverage the combined strength in products and services with BU Networks Services focusing on Managed Services, Network Roll-Out and Customer Support and BU Network Products combining Radio and Transport.

Targeted growth areas - The two new IT & Cloud business units, Business Unit IT & Cloud Products and Business Unit IT & Cloud Services, will together with a new Business Unit Media, have a strong focus on profitable growth as a natural next step after a period of investment. This will involve focus on software sales and recurring business to complement the already strong business in Consulting & Systems Integration and the Broadcast Services business. For the rapidly growing Industry & Society business a separate Customer Group will be introduced to improve scaling and time to market.

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Cost and efficiency - The company remains fully committed to drive cost reduction and efficiencies, including delivering on its SEK 9 b. net savings efficiency program during 2017. The new organization is designed to enhance efficiencies and cost structures through more end-to-end accountability and less duplication across portfolios and capabilities.

The new Group structure is optimized to bring both enhanced customer value with business units having full responsibility for business performance and end-to-end skills. Regions are being re-shaped to mirror the new business units with focus on sales and delivery quality. This will be complemented by stronger global functions that can build scale in respective areas.

Vestberg continues: "The changes we are making will make it easier for our customers to do business with us, whether they are an operator, a media company or from another industry. The changes will also take into account the different characteristics, needs, and pace of each of the businesses we are in. I am convinced this will make us even more competitive and enable us to grow both our company and our earnings".

The new organization will be effective as of July 1, 2016. As of Q1, 2017, financial reporting will be made according to the new structure. The new organizational structure aligns company reporting with strategy execution in a simpler and more transparent way. Additional information on reporting will be presented at the Capital Market Day on November 9, 2016, and restated numbers will be presented at the beginning of 2017.

Effective July 1, 2016, the company will have the following business unit structure:

Two business units focusing on the Networks business:

- BU Network Products, headed by Arun Bansal, Senior Vice President, Head of Business Unit Network Products and a member of the Executive Leadership Team (ELT)
- BU Network Services, headed by Fredrik Jejdling, Senior Vice President, Head of Business Unit Network Services and a member of the ELT

Two business units focusing on the IT & Cloud business:

- BU IT & Cloud Products, headed by Anders Lindblad, Senior Vice President, Head of Business Unit IT & Cloud Products and a member of the ELT
- BU IT & Cloud Services, headed by Jean-Philippe Poirault, Senior Vice President, Head of Business Unit IT & Cloud Services and a member of the ELT

Strengthened focus on new types of customers in Media and Industries:

- BU Media with central go-to-market model, headed by Per Borgklint, Senior Vice President, Chief Innovation Officer, Head of Business Unit Media and a member of the ELT
- Customer Group Industry & Society with central go-to-market model, headed by Charlotta Sund, Senior Vice President, Head of Customer Group Industry & Society and a member of the ELT

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In addition to announcing a new company structure, Ericsson today also announced appointments to the Executive Leadership Team. For full information see separate announcement published on www.ericsson.com

NOTES TO EDITORS

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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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