



# Ericsson Second quarter 2025

July 15, 2025

# Second quarter 2025



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 statement 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.

# Business Overview



Börje Ekholm  
President and CEO

# Q2 2025 – key takeaways



- Solid strategic and operational execution
- Strong margin development, with improvements in all segments
  - Three-year high adjusted EBITA margin
  - Cloud Software and Services reaching strong adjusted EBITA margin of 9.6%
- Executing on strategy to increase network monetization opportunities
  - Fixed wireless access market growing strongly
  - Aduna ecosystem continues to grow – expanded to all three operators in Japan
- Increasing opportunities in AI to drive network innovation and internal efficiencies
  - AI factory consortium in Sweden announced

Organic<sup>1</sup> sales YoY:

2%

Adjusted<sup>2</sup> gross margin:

48.0%

Adjusted<sup>2</sup> EBITA margin:

13.2%

Solid strategic and operational execution

<sup>1</sup> Sales adjusted for the impact of acquisitions and divestments and effects of foreign currency fluctuations.

<sup>2</sup> 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.

# Q2 sales development



Market area net sales (Q2 2025, SEK b.)		Organic growth (Q2 2025 YoY)	Networks	Cloud Software and Services	Enterprise	% of Q2-25 net sales
			64%	26%	10%	
Americas	19.8	10%	↗	↗		35%
Europe, Middle East and Africa	16.2	-1%	↗	↘		29%
South East Asia, Oceania and India	5.5	-22%	↘	↘		10%
North East Asia	3.8	-15%	↘	↘		7%
Other (IPR and most of Enterprise)	10.9	15%	↗	↗	↘	19%
Total	56.1	2%	↗	↗	↘	100%

↗ Indicates direction of year-on-year organic sales development.

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 2025

## Financial performance (adjusted)



SEK b.	Q2-25	Q2-24 <sup>2</sup>	YoY	Q1-25
Net sales	56.1	59.8	-6%	55.0
Organic sales growth			2%	
Gross income	27.0	26.3	3%	26.7
Gross margin	48.0%	43.9%		48.5%
R&D expenses	-11.9	-12.9		-12.0
SG&A expenses	-8.1	-10.1		-8.5
Other op. income & expenses	0.1	0.0		0.0
EBIT	7.0	3.2		6.2
EBIT margin	12.6%	5.4%		11.3%
EBITA	7.4	4.1	83%	6.9
EBITA margin	13.2%	6.8%		12.6%
Net income <sup>1</sup>	4.6	0.4		4.2
Free cash flow before M&A	2.6	7.6		2.7

<sup>1</sup> Including restructuring charges.

<sup>2</sup> Excluding the impairment of intangible assets mainly attributed to the Vonage acquisition.

### Organic sales grew 2% YoY

- Sales growth in Americas
- Slight growth in Europe, other markets declined
- IPR revenues increased to SEK 4.9 b.

### Adjusted gross margin 48.0%

- All segments improved
- IPR, product mix and cost-reduction actions benefit

### Adjusted EBITA margin 13.2%

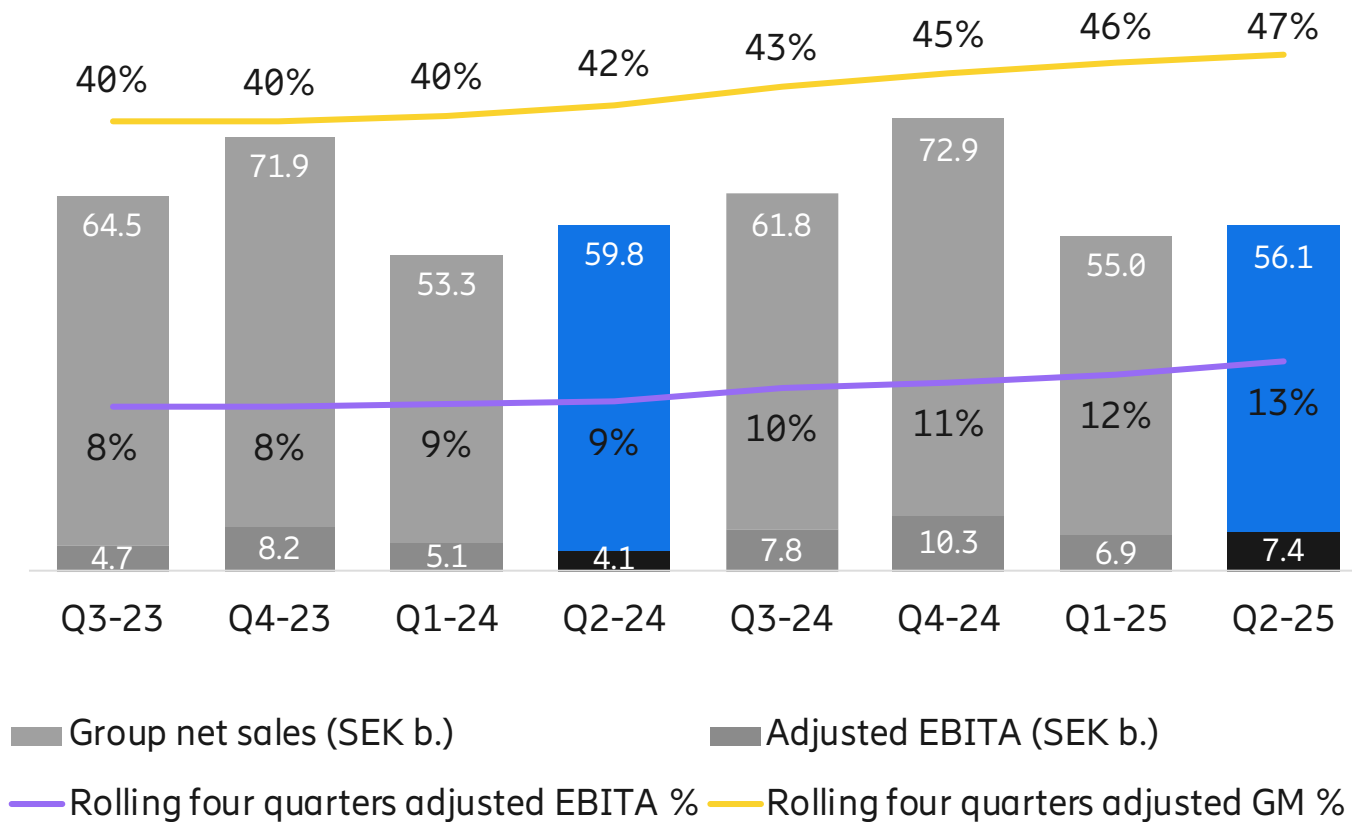
- Gross income increased
- Operating expenses lower, driven by cost-reduction actions and currency benefits
- EBITA margin at 3-year high

### Free cash flow before M&A SEK 2.6 b.

- Broadly stable quarter on quarter
- Prior year boosted by strong operating working capital

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.

# Key financial trends



## Adjusted gross margin and adjusted EBITA

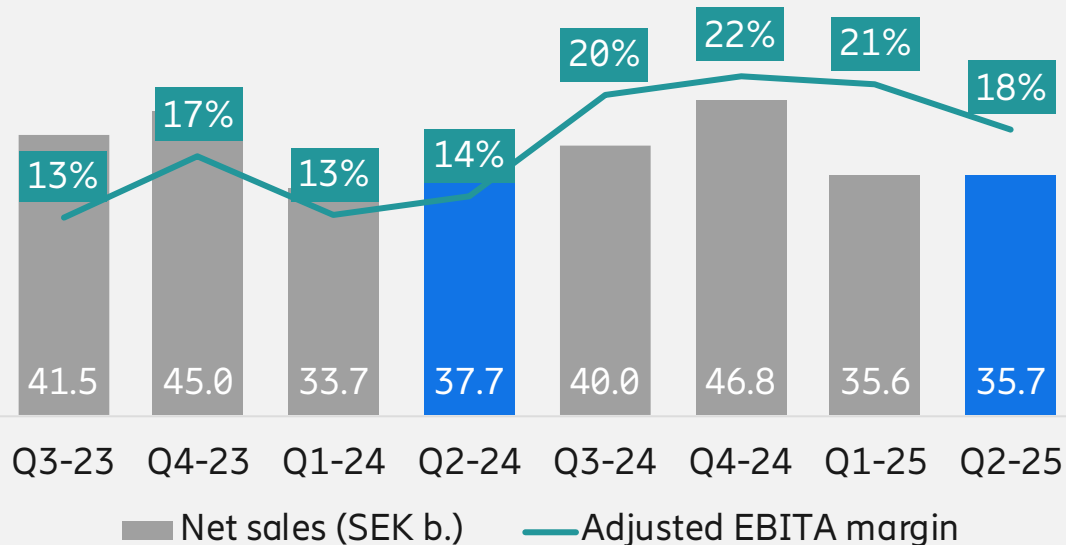
- Continued increase in adjusted gross margin and adjusted EBITA margin
  - Product and market mix
  - Supply chain efficiency
  - Cost actions
  - IPR licensing revenue growth

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.



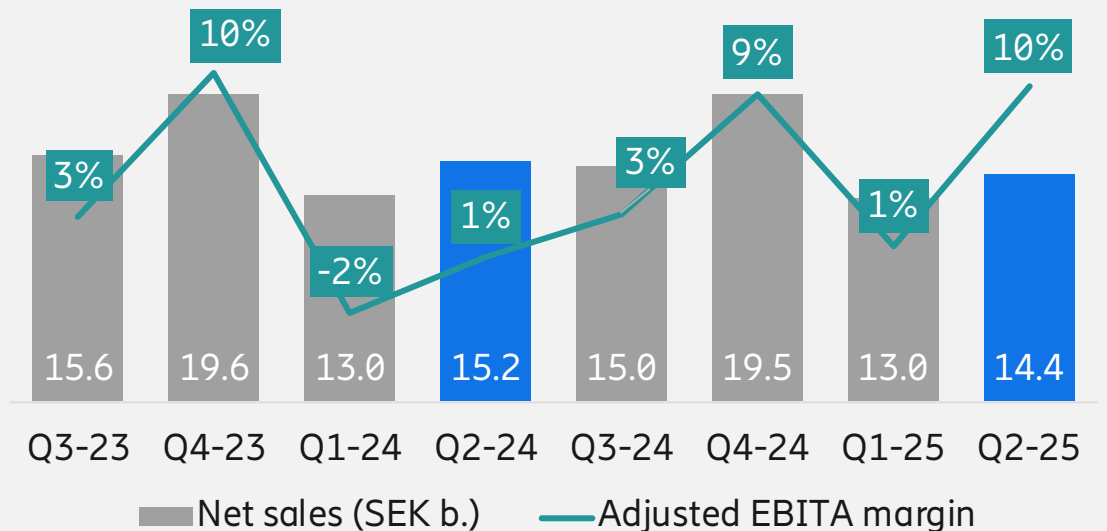
# Mobile Networks Q2 2025

## Networks



- 3% organic sales growth
- Growth in market areas Americas and EMEA, and in IPR
- Sales declined in other market areas
- Adjusted gross income and adjusted EBITA increased YoY

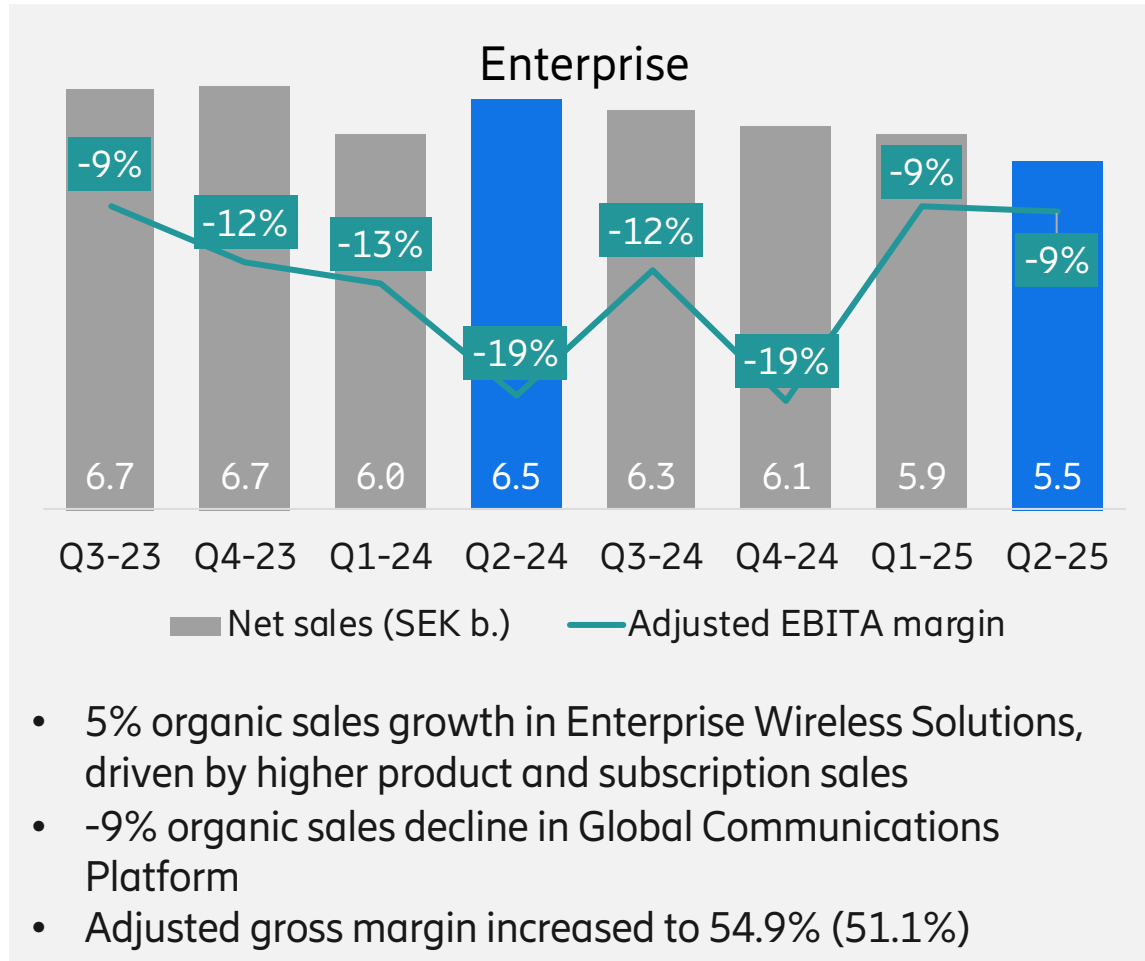
## Cloud Software and Services



- 1% organic sales growth
- Growth in market area Americas, and in IPR
- Adjusted gross margin benefited from sales mix and IPR
- Adjusted EBITA was SEK 1.4 b., supported by strong strategic execution and lower operating expenses

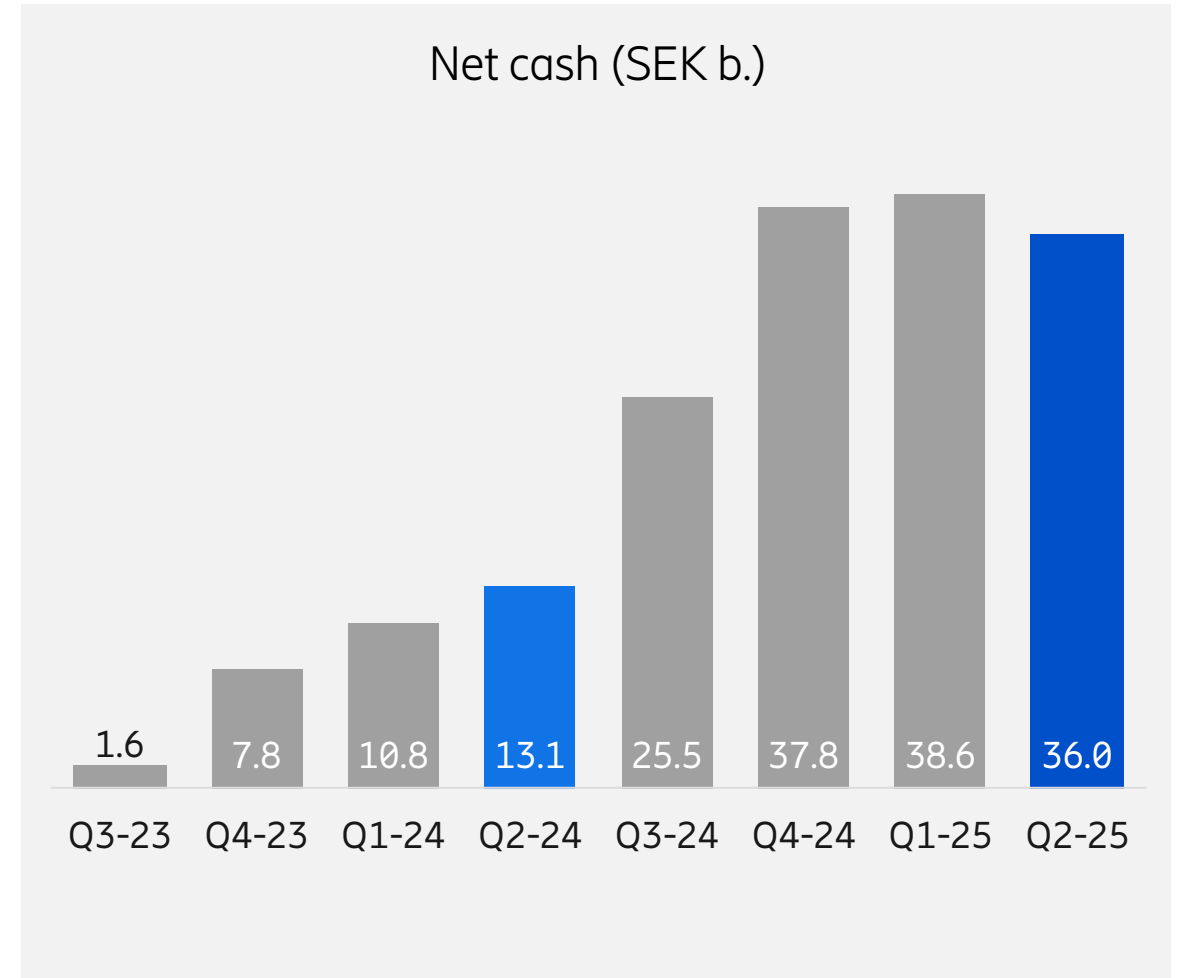
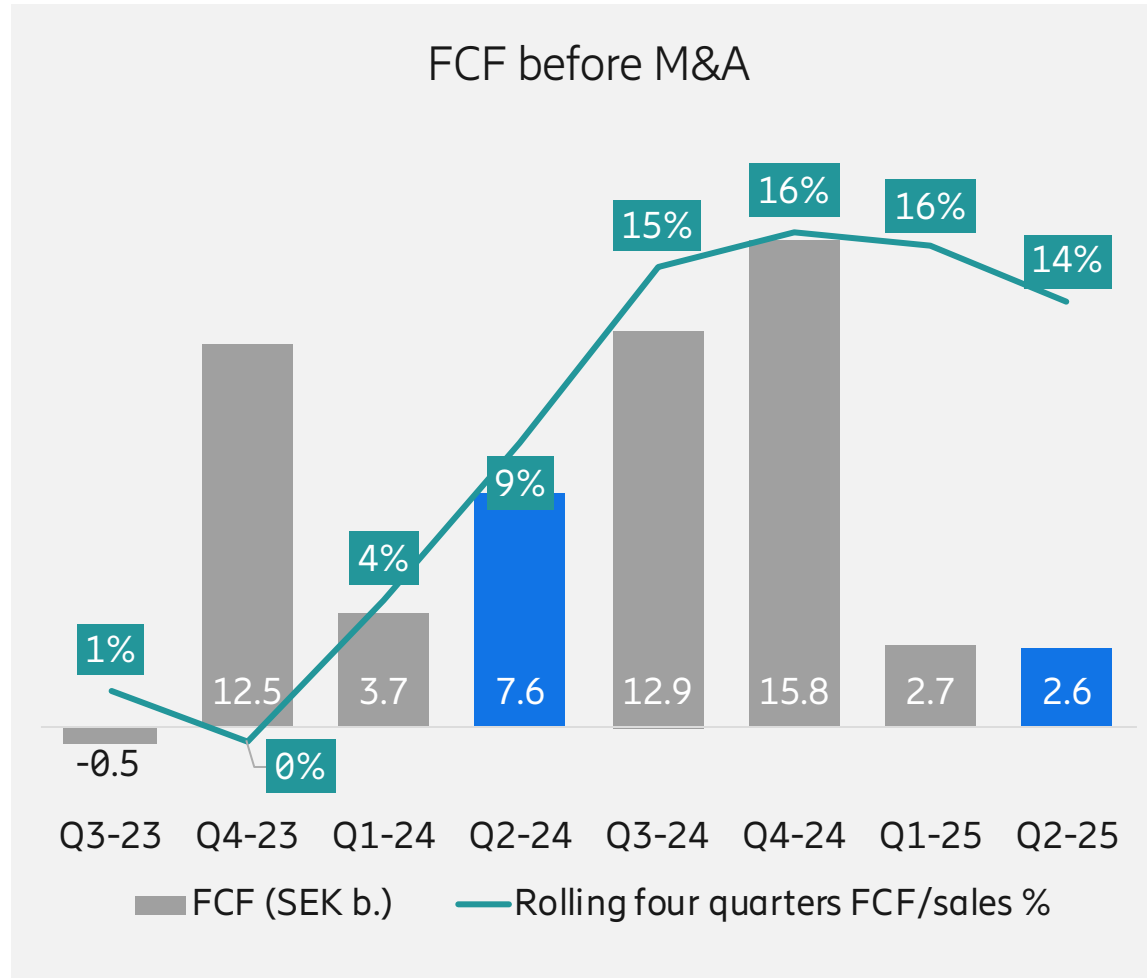
This slide contains forward-looking statements. Actual result may be materially different. See the last page in this presentation for further information about forward-looking statements.

# Enterprise Q2 2025



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



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<sup>1</sup>



Increased uncertainty remains on the outlook, both in terms of potential for further tariff changes as well as in the broader macroeconomic environment.

<b>Sales</b> Networks	Sales growth in Q3 2025 is expected to be below 3-year average seasonality, reflecting higher Q2 IPR revenue from previously unlicensed periods
<b>Sales</b> Cloud Software and Services	Sales growth in Q3 2025 is expected to be broadly similar to 3-year average seasonality
<b>Adjusted gross margin</b> Networks	Adjusted gross margin in Q3 is expected to be in the range 48% to 50%
<b>Amortization</b> Intangible assets	Around SEK -0.5 b. per quarter, of which c. SEK -0.4 b. related to Enterprise
<b>Restructuring charges</b>	Restructuring charges for 2025 are expected to remain at elevated levels

<sup>1</sup> See key data points, page 8, second quarter report 2025.

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

- Looking ahead
  - Continue to strengthen competitive position
  - Strong customer engagement for differentiated connectivity
  - New use cases to monetize network investments taking shape
- Expect RAN market to remain broadly stable
- Structurally improving the business through rigorous cost management
- Continue to invest in technology leadership

Actions position Ericsson for success

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





**ERICSSON**

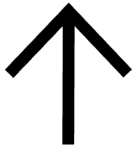
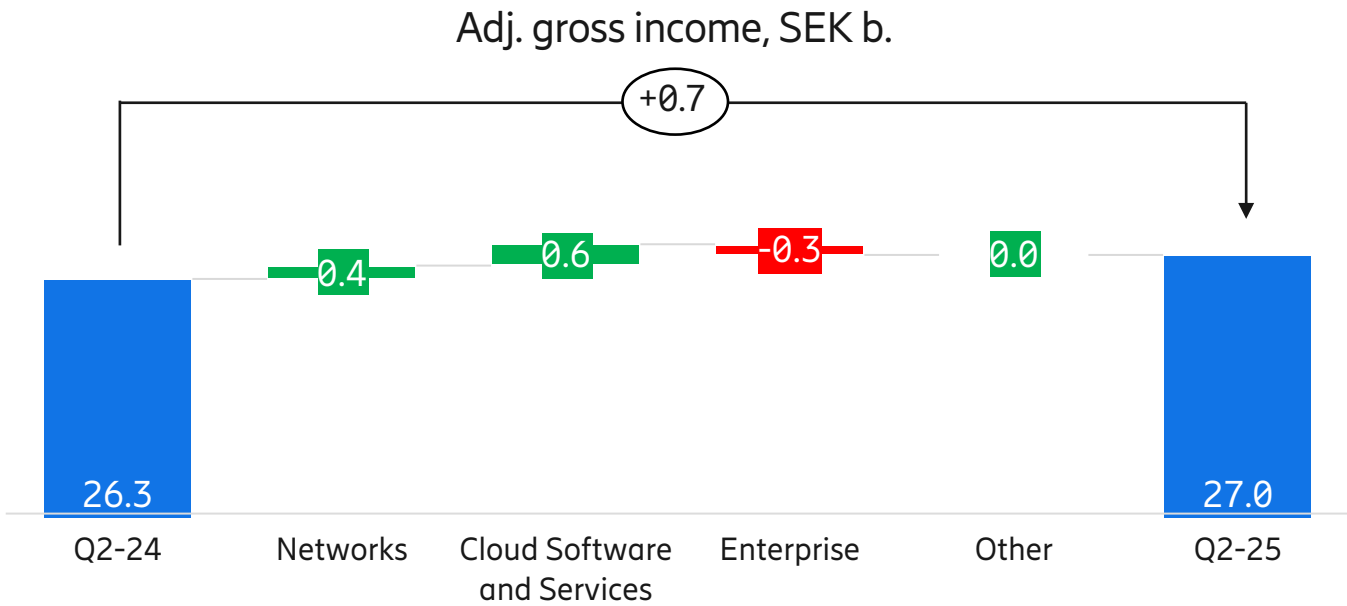


# Appendices

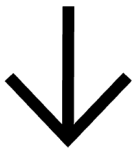
- Appendix 1 – Adjusted gross margin and gross income development
- Appendix 2 – Adjusted EBITA margin and EBITA development
- Appendix 3 – Ericsson Mobility Report, June 2025
- Appendix 4 – Ericsson licensing progress (Q2 2025)
- Appendix 5 – More information

# Appendix 1 – Adjusted gross margin and gross income development

Adjusted gross margin (%)					
(YoY change)					
43.9%	49.5%	43.2%	54.9%	0.4%	48.0%
	(+3.4 p.p.)	(+6.0 p.p.)	(+3.8 p.p.)	(+7.9 p.p.)	



- + Adjusted gross income and margin increase
- + IPR licensing
- + Cost-reduction actions



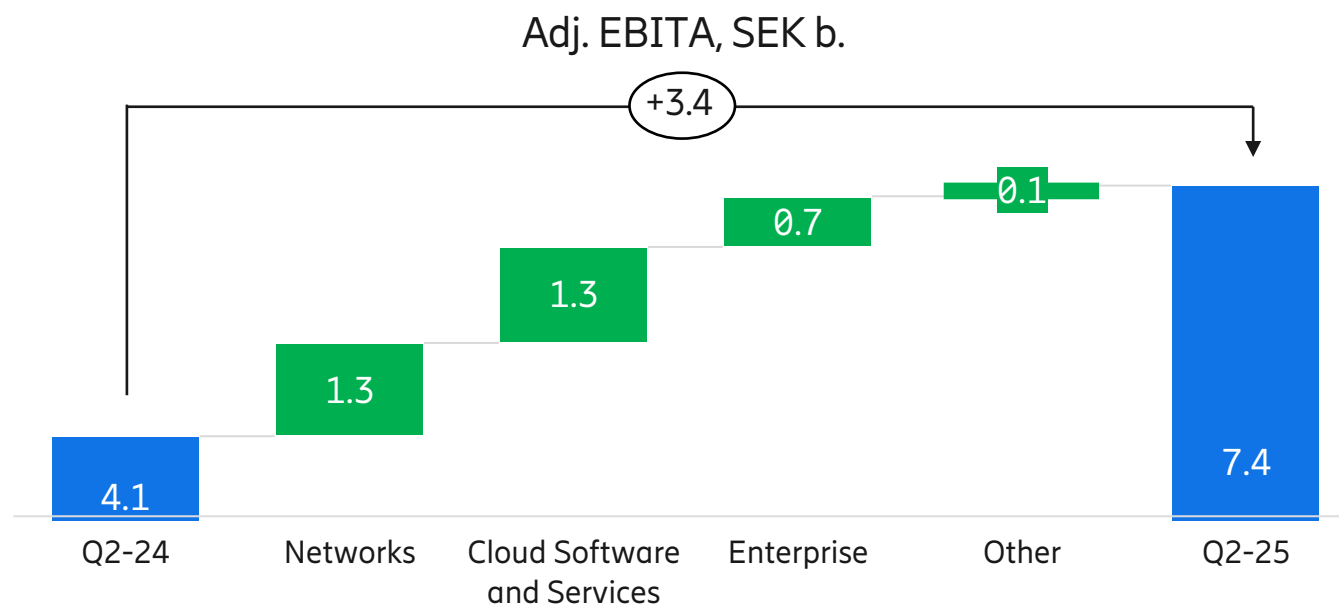
- Currency headwind impact of SEK -2.4 b.

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 – Adjusted EBITA margin and EBITA development

Adjusted EBITA margin (%)					
(YoY change)					
6.8%	18.2%	9.6%	-9.3%	9.5%	13.2%
	(+4.3p.p.)	(+9.0 p.p.)	(+9.6 p.p.)	(+23.4p.p.)	



- + Adjusted EBITA and EBITA margin increase
- + Sales mix
- + IPR licensing
- + Lower operating expenses



- Currency headwind impact of SEK -1.4 b.

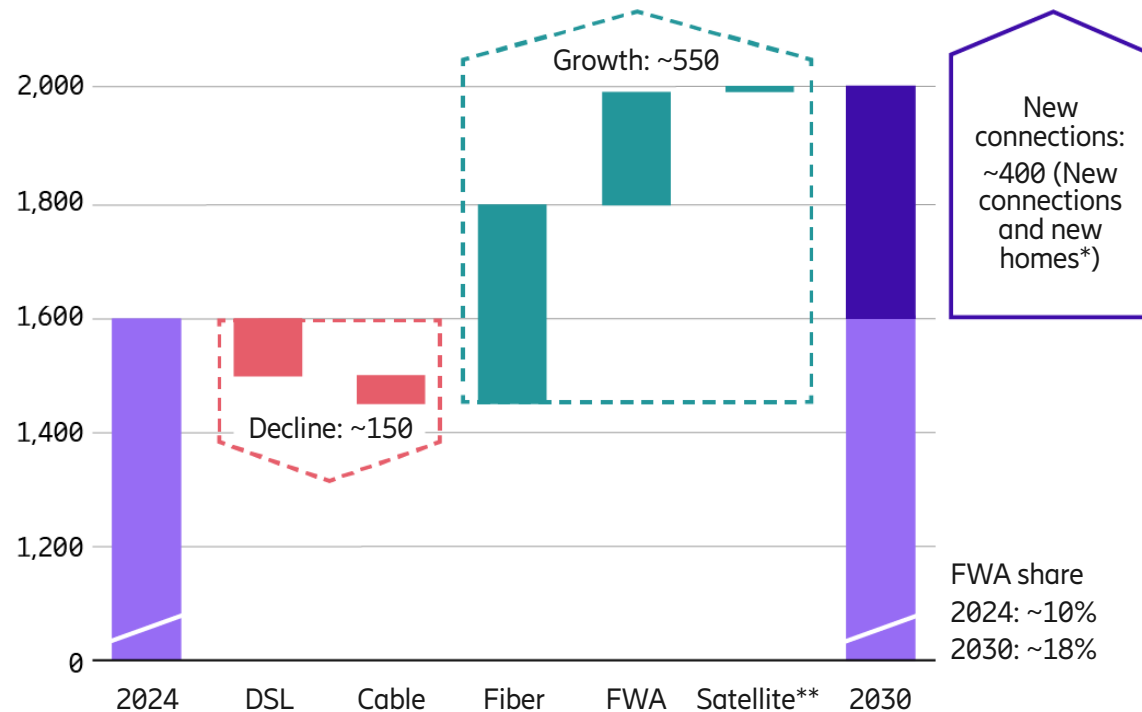
This slide contains forward-looking statements. Actual result may be materially different. See the last page in this presentation for further information about forward-looking statements.

# Appendix 3 – Ericsson Mobility Report, June 2025



Download the report [here](#)

Global fixed broadband connections (millions) by technology, 2024–2030



\* New homes driven by population growth. Unconnected decline to 550 million in the period. Source: Ericsson analysis.

\*\* ABI research.

>35%

FWA is projected to account for over 35% of new fixed broadband connections through 2030

50%

5G mid-band coverage in Europe reached 50% at the end of 2024

1/3

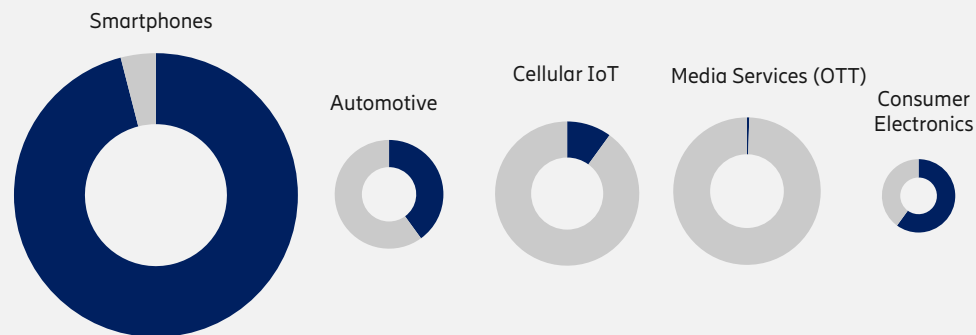
At end of 2025, 5G is set to account for one-third of global mobile subscriptions

6.3 b.

5G subscriptions are forecast to reach 6.3 billion by end of 2030

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 4 – Ericsson licensing progress (Q2 2025)



- Most major smartphone vendors now licensed for 5G
- Further growth opportunities remain
  - 5G automotive
  - Cellular IoT
  - Media services
  - Consumer electronics

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 5 – More information

## Latest Event



### [Annual General Meeting 2025](#)

Telefonaktiebolaget LM Ericsson's Annual General Meeting (AGM) 2025 was held on Tuesday, March 25, 2025, at 13:00 CET

## Latest Information



### [Second quarter report 2025](#)

July 15, 2025

Q2 results 2025: [English](#) | [Swedish](#)  
[Financial statements](#) (xls) [Webcast](#)



### [Annual Report 2024](#)

The Ericsson Annual Report 2024 was published on February 27, 2025.



### [Ericsson Investor Relations homepage](#)

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.

# 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 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 National Security Agreement 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 the imposition of tariffs and sanctions
- Continued growth of mobile communications, the success of our existing and targeted customer base, and our ability to maintain technology leadership
- Success in implementing key strategies, including improving profitability, capturing 5G market opportunities, capitalizing on network API and Enterprise opportunities, and expected benefits from restructuring activities
- Risks related to cybersecurity and privacy, security and data localization
- Industry trends, future characteristics and development of the markets in which we operate
- Risks of global operations, including legal and regulatory requirements and uncertainties, and unfavorable lawsuits and legal proceedings
- Our future liquidity, capital resources, capital expenditures, cost savings and profitability, and risks related to financial condition
- 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 that may be disruptive and incur significant expenses, 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
- Intense competition from existing competitors, and new entrants, including vendor consolidation
- Limited number of third-party suppliers, large, multi-year agreements with limited number of key customers, and operator consolidation
- Risks related to intellectual property, key employees, and unforeseen risks and disruptions due to natural or man-made events
- Risks related to environmental, social and business conduct
- Extent of impairment impacts on cash flow and dividend capacity in future periods, which is assessed based on full-year performance and is impacted by a variety of factors, including earnings, business outlook and financial position
- 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 2024, 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, to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events, whether as a result of new information, future events or otherwise, 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.





**ERICSSON**