

## **Ericsson CEO comments on 1998 results**

**Ericsson's Chief Executive, Sven-Christer Nilsson, today commented on his expectations for the full year 1998 results for Ericsson. In a meeting with financial analysts in Stockholm Sven-Christer Nilsson stated that he expects the full year 1998 income for the company to be somewhat below market expectations. Net sales for the full year are also expected to be somewhat below market expectations.**

"My estimate is based on our view of the continued impact of the global financial crisis which is effecting demand in some of Ericsson's operations, including in particular Public Networks. The scope of these effects is reflected in our internal reports for November which have just become available. Even though there are certain general signs of recovery in some Asian markets there are wider repercussions on global demand which are now affecting sales and income. The financial crisis in certain markets and the related general economic uncertainty, which we have pointed to in our quarterly reports during the year, is affecting us and emphasizes with renewed strength the need for a strengthening of the ongoing rationalization programs. In addition there will be synergies resulting from the introduction of the new organization. All together this will involve substantial reductions in the number of employees which will be announced in connection with our 1998 report on January 28, 1999," said Sven-Christer Nilsson.

"In Mobile phones our operating income during the last months of the year is negatively affected by the shift in demand towards entry-level phones with reduced margins. These phones are demanded for the rapidly growing pre-paid services which now account for one third of the market in Western Europe. In spite of a strong increase in volumes we have not been able to compensate for this development in our operating income."

"We continue to see strong growth in mobile systems where we have a world-leading position. This is an area where demand remains largely unaffected and where we have a very strong income."

"For next year we expect, as I have earlier mentioned, a slow start of the year and a development for the whole year below our long term growth objectives. My expectation regarding Ericsson's long term growth remains unchanged i.e. we shall exceed the market growth. This we will achieve by continued restructuring at an increased pace and development of our operations in accordance with our strategies."

*Ericsson is the leading provider in the new telecoms world, with communications solutions that combine telecom and datacom technologies with freedom of mobility for the user. With more than 100,000 employees in 140 countries, Ericsson simplifies communications for its customers – network operators, service providers, enterprises and consumers – the world over.*

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**FOR FURTHER INFORMATION, PLEASE CONTACT**

Lars A. Stålberg, Senior Vice President Communication

Phone: +46 8 719 3162, +46 70 555 6066

E-mail: [lars.stalberg@lme.ericsson.se](mailto:lars.stalberg@lme.ericsson.se)

Johan Fant, Senior Vice President, Corporate Financial Control

Phone: +46 8 719 3707, +46 70 540 4011

E-mail: [johan.fant@lme.ericsson.se](mailto:johan.fant@lme.ericsson.se)

Karin Almqvist Liwendahl, Director, Investor Relations

Phone: +46 8 719 5340, +46 70 590 5340

E-mail: [karin.almqvist.liwendahl@lme.ericsson.se](mailto:karin.almqvist.liwendahl@lme.ericsson.se)