



ERICSSON

SUMMARY AND CAPITAL STRUCTURE

Capital structure



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JAN FRYKHAMMAR

CFO

CAPITAL TARGETS OVERVIEW

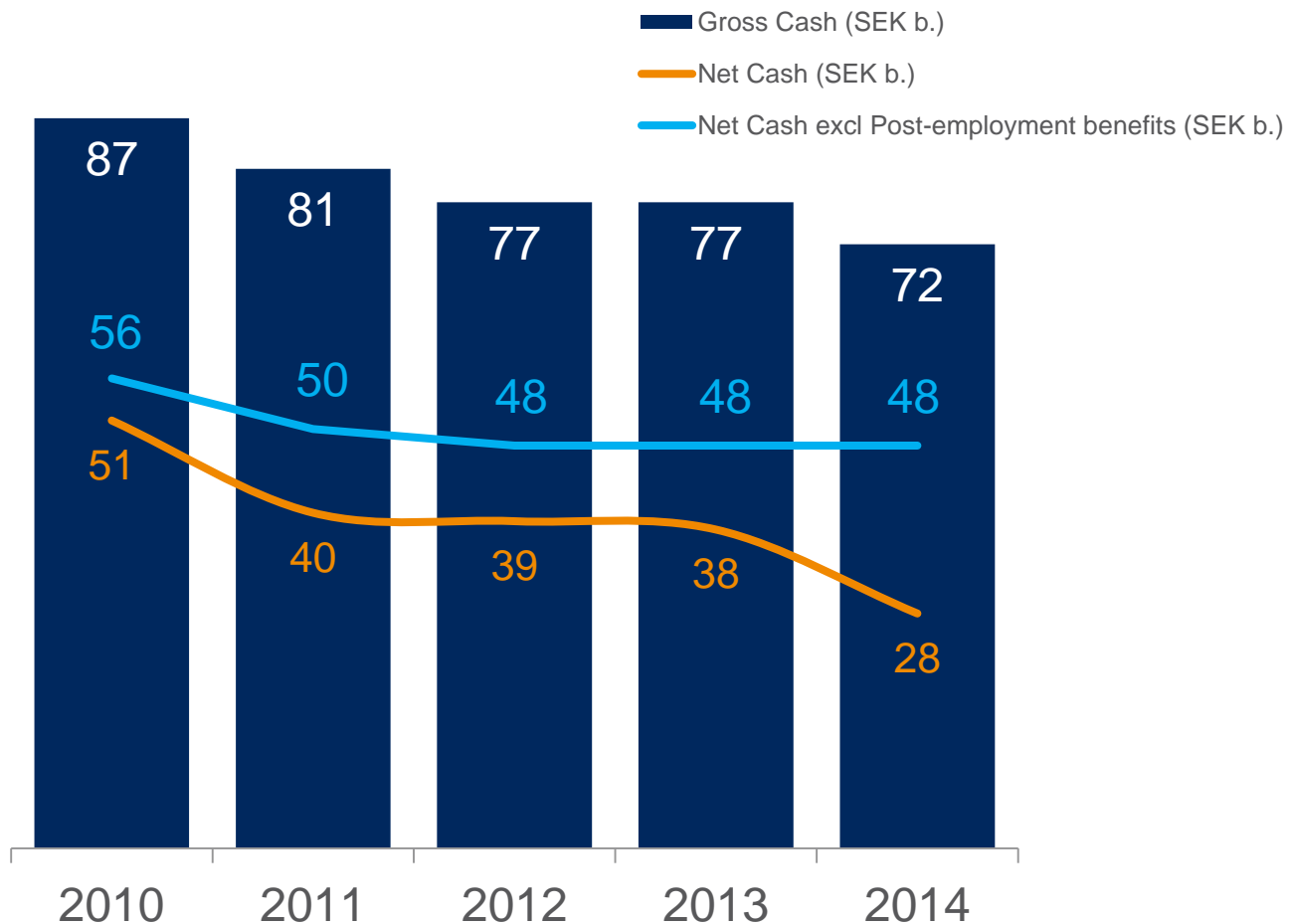


Metric	Target	2014 Actual
Equity ratio	> 40%	50%
Investment grade rating	Solid investment grade	Solid investment grade*
Net cash	Positive	SEK 28 b.
Cash conversion	> 70%	84%
Free cash flow before M&A	Positive	SEK 2 b.

*) S&P: BBB+
Moody's: Baa1

Strong financial position and stable outlook by both rating agencies

STRONG FINANCIAL POSITION GROSS AND NET CASH



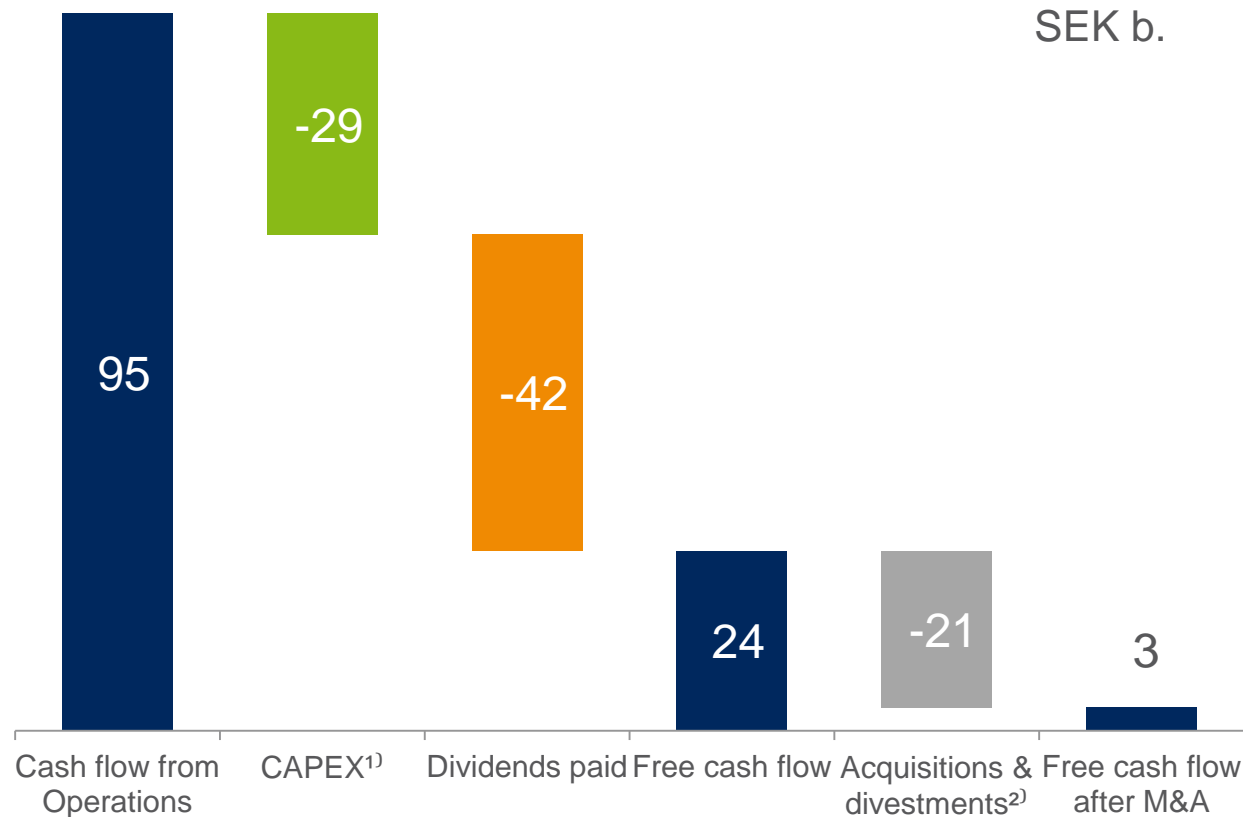
Rationale:

- › Generating business
- › Securing financial flexibility
- › Investing in future growth and M&A
- › Supporting our rating

Net cash: cash and cash equivalents plus short-term investments less interest-bearing liabilities and post-employment benefits.

Our strong financial position has served us well

CASH USAGE 2010-2014



CAPEX¹⁾ (net)

- › ~2.5% of net sales per year 2010-2014
- › Lean & agile R&D and ICT centers to reduce investments long term
- › Establishment of ICT centers and R&D platform development increase investments short term

Dividend

- › Dividend growth around 10%

Acquisitions & divestments

- › Selective M&A, on average SEK 4 b. per year 2010-2014

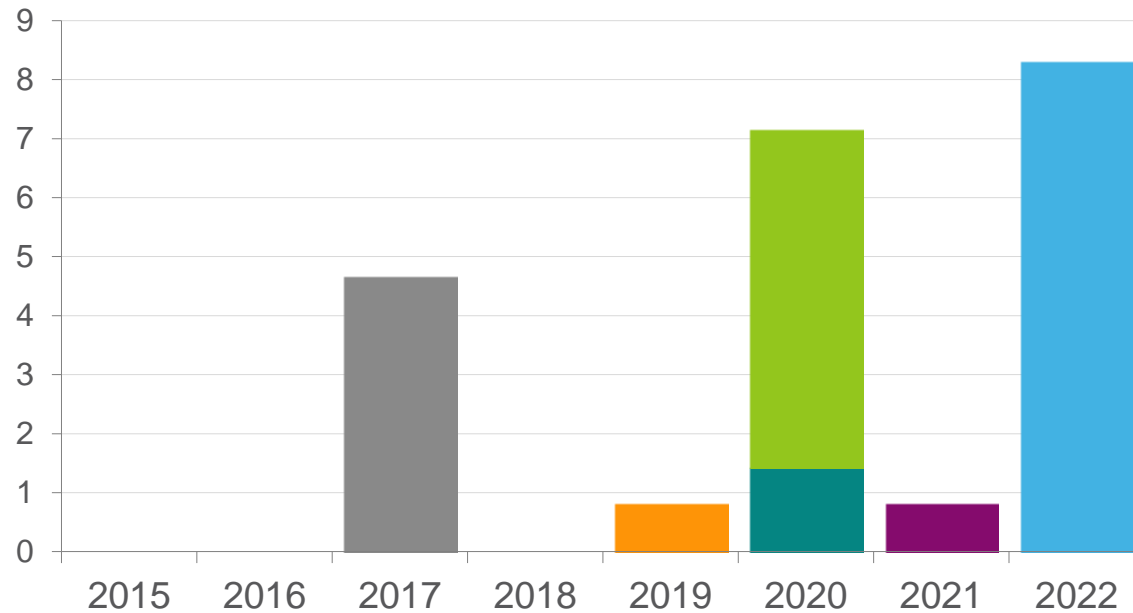
1) PP&E and Product development 2) incl. other investing activities

Positive free cash flow after M&A over last five years

DEBT MATURITY PROFILE SEPTEMBER 30 2015



SEK b.

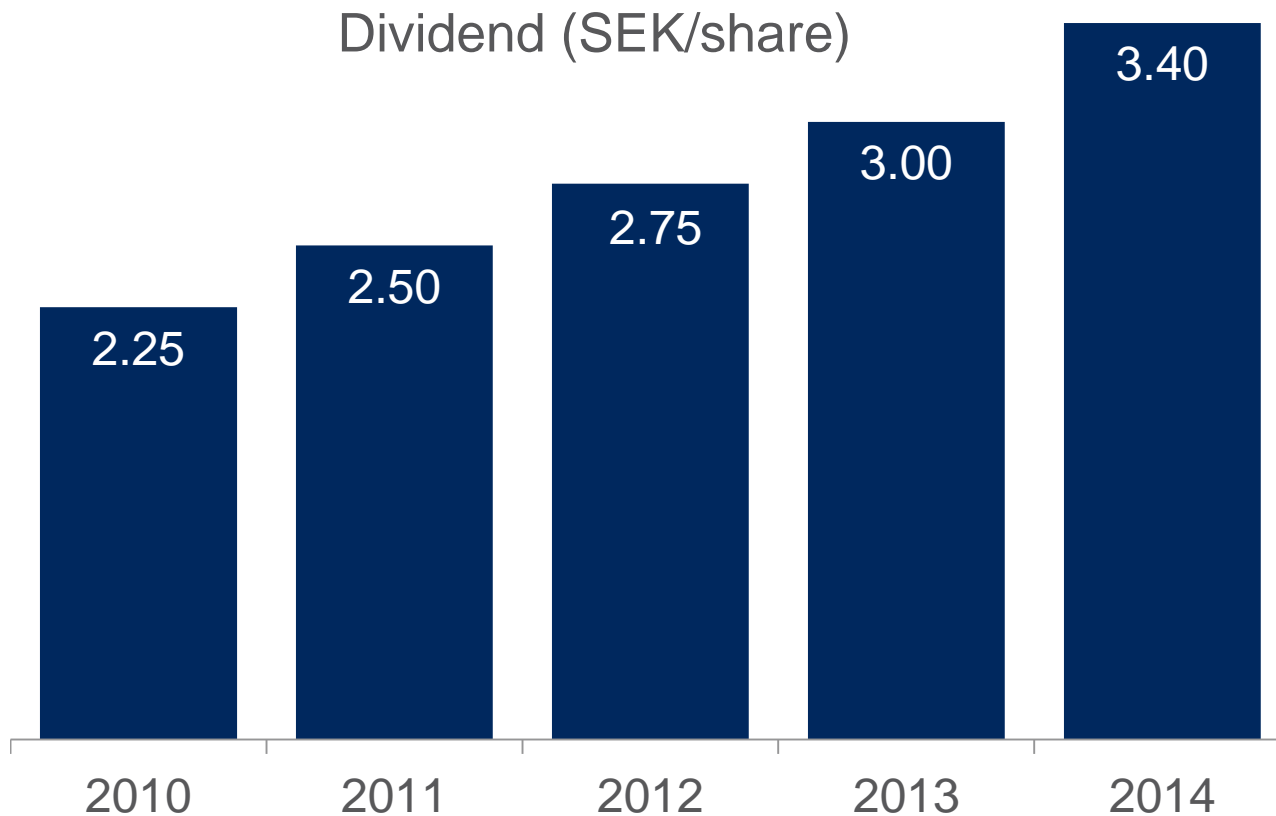


■ USD Fixed BOND 2022 ■ USD Fixed (NIB) 2021 ■ USD Float (EIB) 2020
■ USD Float FRN (SEK) 2020 ■ USD Fixed (NIB) 2019 ■ EUR Fixed BOND 2017

- › Average maturity 5.0 years (6.0 years 12 months ago)
- › No maturities until 2017

Low leverage and diversified debt maturity profile with long duration

DIVIDEND DEVELOPMENT



The Company's dividend policy takes into account last year's earnings and balance sheet structure, as well as coming years' business plans and economic development

10% in average dividend growth during 2010-2014

KEY TAKEAWAYS



Financial targets and position

- › Target remains to maintain a strong financial position
- › BBB+/Baa1 with stable outlook S&P and Moody's

Dividend and cash usage

- › Positive free cash flow after M&A over last five years
- › Low leverage and diversified debt maturity profile with long duration
- › Dividend policy remains

Summary and end



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HANS VESTBERG

CEO

A JOURNEY THAT CONTINUES



	2008	2014	2020
Net Sales	SEK 209 b.	SEK 228 b.	Grow faster than the market, >2-4%
Sales beyond operators	~5%	~10%	~20-25%
Services & Software	60%	66%	>75%
Competition	Several Telco & ICT	Few Telco / Many ICT	Broad ICT landscape

GROWTH DRIVEN BY TARGETED AND CORE AREAS

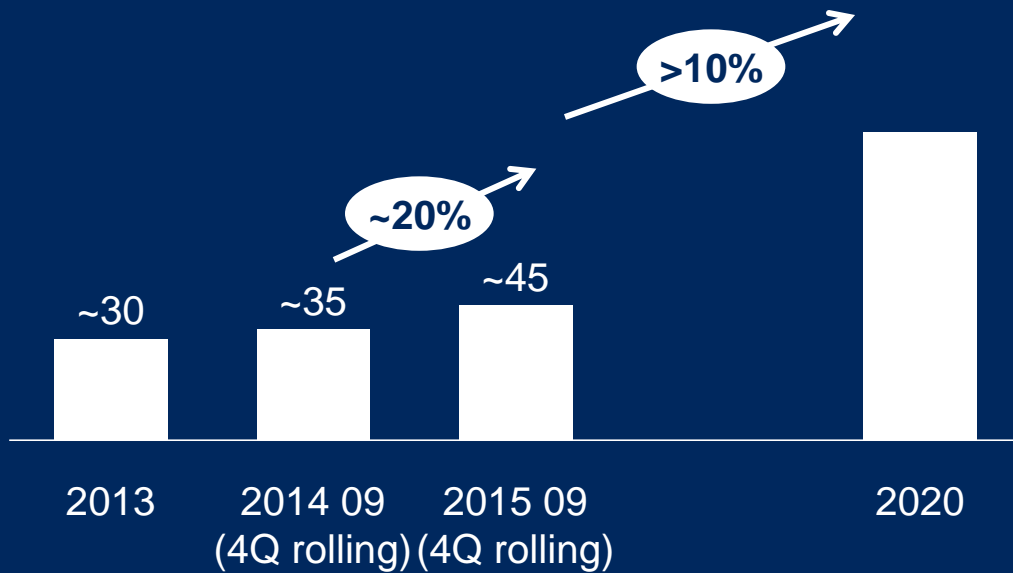
ESTIMATED BASED ON MARKET ASSUMPTIONS



SEK b.

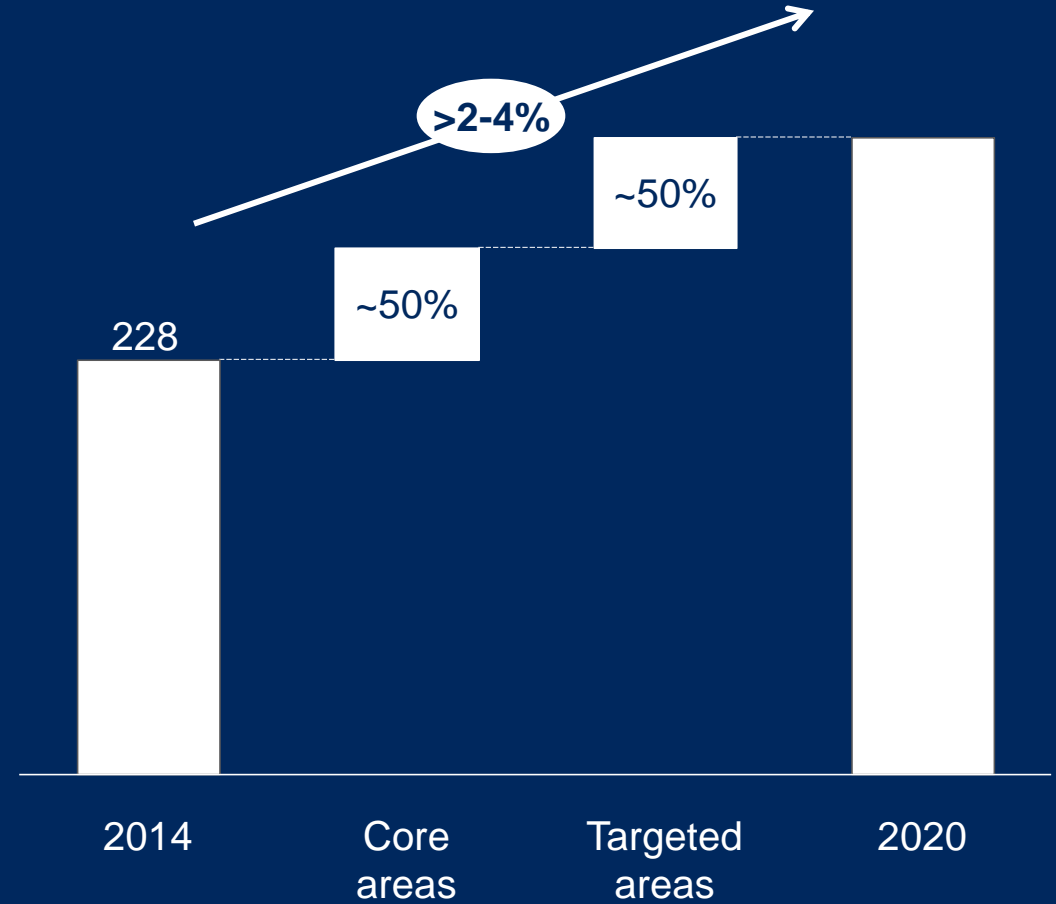
Net sales – Targeted areas

Market growth ~10%



Outperform market growth in targeted areas

Net sales – Ericsson Group



Grow faster than the market

This slide contains forward-looking statements. Actual result may be materially different.

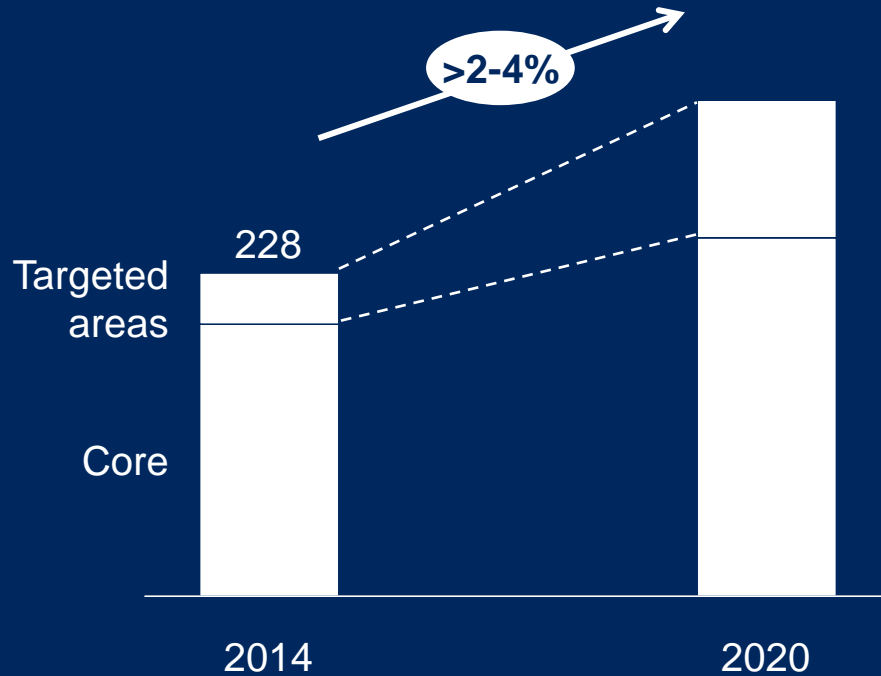
MARGIN DRIVEN BY TARGETED AND CORE AREAS

ESTIMATED BASED ON MARKET ASSUMPTIONS



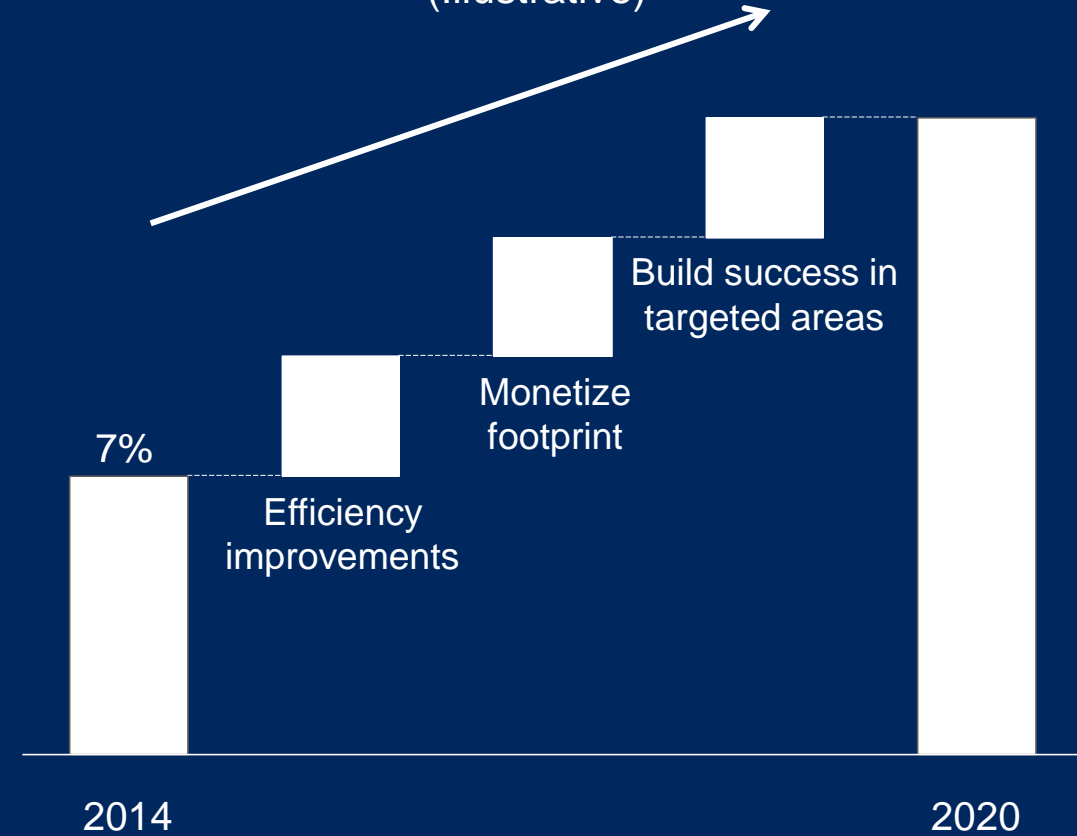
SEK b.

Net sales – Ericsson Group



Grow faster than the market

Operating margin – Ericsson Group (Illustrative)



Best in class margins

This slide contains forward-looking statements. Actual result may be materially different.

SUMMARY



Grow faster than the market

- › Strong execution in core business areas
- › Grow sales in targeted areas - strategic partnership with Cisco
- › Increase recurring revenues (software/services) and IPR sales

Best-in-class margins

- › Monetize the footprint and improve company operating leverage
- › Execute on cost and efficiency improvements
- › Continue to improve earnings in Network Rollout

Operating cash flow growth

- › Order-to-cash, structural improvements to reduce cycle time
- › Industrialize, centralize and automate
- › Leverage less capital intensive business mix



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