HELENA NORRMAN
Senior Vice President Communications
SECOND QUARTER 2015

This presentation contains forward-looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our earnings reports and our most recent annual report for a better understanding of these risks and uncertainties.
HANS VESTBERG
President and CEO
KEY DEVELOPMENTS

Market
› Strong focus on 5G and digitalization of industries
› Consolidation continues – customers and vendors
› Continued currency movements
› Ericsson Mobility Report released in June
  – 55% growth in data traffic Q114 to Q115
  – Smartphone subscriptions to double by 2020
  – 3.7 billion LTE subscriptions by 2020

Ericsson
› North America business stabilized in the quarter
› Continued fast pace of 4G deployments in Mainland China
› Further steps taken in IPR litigation process
› Networks profitability recovered
› Company transformation accelerates
  – Good growth in targeted areas, especially OSS & BSS
  – Global cost and efficiency program – according to plan
Reported sales up 11% YoY

Organic FX adjusted sales down 6% YoY
  – North America and Japan at lower levels
  – Growth in Mainland China, Middle East, India and South East Asia

Organic FX adjusted sales up 12% QoQ
  – Mobile broadband business in North America stabilized
  – Mainland China and the Middle East developed strongly
  – Sales declined in India and Japan

Operating income, excluding restructuring charges improved to SEK 6.3 (4.2) b.
  – Improved in all segments
  – Networks margin recovered from Q1
  – Supported by increased sales and FX

Net sales and sales development

Operating income and margin
Growth driven by currency – adjusted sales down 6%
Growth in North America – partly offset by India and Japan
JAN FRYKHHAMMAR
CFO and Executive Vice President
SECOND QUARTER

› Restructuring SEK 2.7 (0.2) b.
  - Mainly related to activities in Sweden

› Gross margin, excluding restructuring, 35.1% (36.6%)
  - Lower capacity business and continued coverage deployments
  - Lower IPR revenues and higher share of services

› Gross margin decreased QoQ
  - Lower IPR revenues and increased share of hardware sales

› Operating income, excluding restructuring, improved YoY to SEK 6.3 (4.2) b.
  - Operating margin of 10.4% (7.7%)
  - Positive currency effect, hedge impact SEK 0.6 (-0.5) b.
  - Capital gain of SEK 0.3 b.

› Operating expenses, excluding restructuring, increased YoY to SEK 16.1 (15.5) b.
  - Excluding currency effects, operating expenses were slightly down
Operating income YoY

Improved operating income despite more China business and lower IPR revenue
Operating Income QoQ

Improved operating income driven by volume leverage
Currency continues to be a major driver

Sales YoY change, Q2 2015

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<tr>
<th>Segment</th>
<th>Reported</th>
<th>Organic and FX adj.</th>
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<tbody>
<tr>
<td>Networks</td>
<td>8%</td>
<td>-9%</td>
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<td>Global Services</td>
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<tr>
<td>Support Solutions</td>
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<tr>
<td>Group</td>
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<td>-6%</td>
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Changed method for translating FX exposure into SEK for income statement items. For details on method and currency rates, see ericsson.com/thecompany/investors
Change in gross cash Q2

- Operating cash flow +3.1 b
- Investing -2.9 b
- Finance -10.6 b
- FX on cash -1.9 b

Change in gross cash SEK -12.3 b

Cash flow recovered after a weak quarter – Full year cash conversion target remains

Reported sales up 8% YoY

Organic FX adjusted sales down 9% YoY
- Lower business activity in North America and Japan
- Strong sales in Mainland China, the Middle East and India

Organic FX adjusted sales up 16% QoQ
- Stabilized mobile broadband business in North America
- Increased sales in Mainland China, the Middle East
- Sales declined in India

Operating income, excluding restructuring, SEK 4.3 (3.7) b.

Operating margin, excluding restructuring, improved sequentially to 14% from 3%
- Higher sales and positive currency effects
- Somewhat increased operating expenses and lower IPR
GLOBAL SERVICES

› Reported sales up 14% YoY
› Organic FX adjusted sales down 2% YoY
  – Network rollout continued to decline
› Professional Services good momentum
  – 26% growth in Managed Services – 30 contracts signed
  – OSS & BSS drives Consulting and Systems Integration
› Organic FX adjusted sales up 10% QoQ
  – Good growth in Consulting and Systems Integration
› Operating income, excluding restructuring, improved YoY to SEK 2.3 (1.6) b.
  – Stable margin in Professional Services
  – Reduced losses in Network Rollout

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<td>SEK b. Net sales and sales development</td>
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SUPPORT SOLUTIONS

› Reported sales up 9% YoY
› Organic FX adjusted sales down 13% YoY
  – Continued good development in OSS & BSS
  – TV & Media declined
› Organic FX adjusted sales down 3% QoQ
› Operating income, excluding restructuring, improved YoY to SEK 0.0 (-0.3) b.
  – Driven by sales growth in OSS & BSS
  – Partly offset by lower IPR sales
CLOSING REMARKS

› North America business stabilized, but at lower level than last year
› Continued 4G coverage deployments in Mainland China
› Strong demand for Professional Services – Sales growth across all regions
› Lower IPR revenues
› Full year 2015 restructuring is expected to be SEK 4-5 b.
› High pace in company transformation
Q&A
SECOND QUARTER 2015

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