

CONSOLIDATED INCOME STATEMENT – YEAR TO DATE AND ISOLATED QUARTERS

Isolated quarters, SEK million	Year to date			Isolated Quarters			
	Jan-Dec		Change	2017			
	2017	2016		Q4	Q3	Q2	Q1
Net sales	205 378	220 316	-7%	57 881	49 413	50 281	47 803
Cost of sales	-157 451	-155 062	2%	-45 365	-36 132	-35 652	-40 302
Gross income	47 927	65 254	-27%	12 516	13 281	14 629	7 501
Gross margin (%)	23,3%	29,6%		21,6%	26,9%	29,1%	15,7%
Research and development expenses	-37 887	-31 631	20%	-9 938	-10 519	-8 364	-9 066
Selling and administrative expenses	-29 027	-28 317	3%	-8 245	-5 741	-6 818	-8 223
Impairment losses on trade receivables	-3 649	-553		-680	-1 094	-235	-1 640
Operating expenses	-70 563	-60 501	17%	-18 863	-17 354	-15 417	-18 929
Other operating income and expenses	-12 131	403		-12 926	415	239	141
Shares in earnings of JV and associated companies	24	31		-5	6	12	11
Operating income	-34 743	5 187		-19 278	-3 652	-537	-11 276
Financial income	-372	-135		-124	-139	-27	-82
Financial expenses	-843	-2 158		-394	-182	83	-350
Income after financial items	-35 958	2 894		-19 796	-3 973	-481	-11 708
Taxes	3 525	-1 882		1 303	516	24	1 682
Net income	-32 433	1 012		-18 493	-3 457	-457	-10 026
Net income attributable to:							
Stockholders of the Parent Company	-32 576	833		-18 476	-3 561	-471	-10 068
Non-controlling interests	143	179		-17	104	14	42
Other information							
Average number of shares, basic (million)	3 277	3 263		3 283	3 279	3 275	3 272
Earnings per share, basic (SEK) ¹⁾	-9,94	0,26		-5,63	-1,09	-0,14	-3,08
Earnings per share, diluted (SEK) ^{1) 2)}	-9,94	0,25		-5,63	-1,09	-0,14	-3,08

¹⁾ Based on Net income attributable to stockholders of the Parent Company.

²⁾ When a company reports a loss, the number of shares used for calculating earnings diluted per share shall be the same as for basic calculation.

NET SALES BY SEGMENT BY QUARTER

Isolated quarters, SEK million	2017			
	Q4	Q3	Q2	Q1
Networks	36 789	31 608	31 540	31 478
<i>Of which Products</i>	25 134	21 483	21 136	21 702
<i>Of which Services</i>	11 655	10 125	10 404	9 776
Digital Services	12 809	9 673	10 504	8 549
<i>Of which Products</i>	6 705	5 111	5 514	4 481
<i>Of which Services</i>	6 104	4 562	4 990	4 068
Managed Services	6 203	6 143	6 231	5 995
Other	2 080	1 989	2 006	1 781
Total	57 881	49 413	50 281	47 803

Sequential change, percent	2017			
	Q4	Q3	Q2	Q1
Networks	16%	0%	0%	-
<i>Of which Products</i>	17%	2%	-3%	-
<i>Of which Services</i>	15%	-3%	6%	-
Digital Services	32%	-8%	23%	-
<i>Of which Products</i>	31%	-7%	23%	-
<i>Of which Services</i>	34%	-9%	23%	-
Managed Services	1%	-1%	4%	-
Other	5%	-1%	13%	-
Total	17%	-2%	5%	-

Year over year change, percent	2017			
	Q4	Q3	Q2	Q1
Networks	-	-	-	-
<i>Of which Products</i>	-	-	-	-
<i>Of which Services</i>	-	-	-	-
Digital Services	-	-	-	-
<i>Of which Products</i>	-	-	-	-
<i>Of which Services</i>	-	-	-	-
Managed Services	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Year to date, SEK million	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	131 415	94 626	63 018	31 478	138 865
<i>Of which Products</i>	89 455	64 321	42 838	21 702	93 341
<i>Of which Services</i>	41 960	30 305	20 180	9 776	45 524
Digital Services	41 535	28 726	19 053	8 549	45 214
<i>Of which Products</i>	21 811	15 106	9 995	4 481	24 590
<i>Of which Services</i>	19 724	13 620	9 058	4 068	20 624
Managed Services	24 572	18 369	12 226	5 995	27 551
Other	7 856	5 776	3 787	1 781	8 686
Total	205 378	147 497	98 084	47 803	220 316

Year over year change, percent	2017			
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar
Networks	-5%	-	-	-
<i>Of which Products</i>	-4%	-	-	-
<i>Of which Services</i>	-8%	-	-	-
Digital Services	-8%	-	-	-
<i>Of which Products</i>	-11%	-	-	-
<i>Of which Services</i>	-4%	-	-	-
Managed Services	-11%	-	-	-
Other	-10%	-	-	-
Total	-7%	-	-	-

GROSS INCOME AND GROSS MARGIN BY SEGMENT BY QUARTER

Isolated quarters, SEK million	2017			
	Q4	Q3	Q2	Q1
Networks	11 935	10 603	10 905	10 010
Digital Services	1 068	2 761	3 324	-2 313
Managed Services	-731	-449	-26	-532
Other	244	366	426	336
Total	12 516	13 281	14 629	7 501

As percentage of net sales, isolated quarters	2017			
	Q4	Q3	Q2	Q1
Networks	32%	34%	35%	32%
Digital Services	8%	29%	32%	-27%
Managed Services	-12%	-7%	0%	-9%
Other	12%	18%	21%	19%
Total	22%	27%	29%	16%

Year to date, SEK million	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	43 453	31 518	20 915	10 010	46 085
Digital Services	4 840	3 772	1 011	-2 313	15 843
Managed Services	-1 738	-1 007	-558	-532	1 112
Other	1 372	1 128	762	336	2 214
Total	47 927	35 411	22 130	7 501	65 254

As percentage of net sales, year to date	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	33%	33%	33%	32%	33%
Digital Services	12%	13%	5%	-27%	35%
Managed Services	-7%	-5%	-5%	-9%	4%
Other	17%	20%	20%	19%	25%
Total	23%	24%	23%	16%	30%

OPERATING INCOME AND OPERATING MARGIN BY SEGMENT BY QUARTER

Isolated quarters, SEK million	2017			
	Q4	Q3	Q2	Q1
Networks	2 031	2 324	3 435	2 690
Digital Services	-12 346	-3 639	-2 208	-9 005
Managed Services	-1 284	-807	-297	-1 807
Other	-7 679	-1 530	-1 467	-3 154
Total	-19 278	-3 652	-537	-11 276

As percentage of net sales, isolated quarters	2017			
	Q4	Q3	Q2	Q1
Networks	6%	7%	11%	9%
Digital Services	-96%	-38%	-21%	-105%
Managed Services	-21%	-13%	-5%	-30%
Other	-369%	-77%	-73%	-177%
Total	-33%	-7%	-1%	-24%

Year to date, SEK million	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	10 480	8 449	6 125	2 690	16 561
Digital Services	-27 198	-14 852	-11 213	-9 005	-6 906
Managed Services	-4 195	-2 911	-2 104	-1 807	-458
Other	-13 830	-6 151	-4 621	-3 154	-4 010
Total	-34 743	-15 465	-11 813	-11 276	5 187

As percentage of net sales, year to date	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	8%	9%	10%	9%	12%
Digital Services	-65%	-52%	-59%	-105%	-15%
Managed Services	-17%	-16%	-17%	-30%	-2%
Other	-176%	-106%	-122%	-177%	-46%
Total	-17%	-10%	-12%	-24%	2%

EBITA AND EBITA MARGIN BY SEGMENT BY QUARTER

Isolated quarters, SEK million	2017			
	Q4	Q3	Q2	Q1
Networks	2 118	2 409	3 520	2 871
Digital Services	-4 965	-3 446	-2 005	-8 247
Managed Services	-1 277	-806	-298	-1 803
Other	-1 201	-1 430	-1 309	-2 222
Total	-5 325	-3 273	-92	-9 401

As percentage of net sales, isolated quarters	2016			
	Q4	Q3	Q2	Q1
Networks	6%	8%	11%	9%
Digital Services	-39%	-36%	-19%	-96%
Managed Services	-21%	-13%	-5%	-30%
Other	-58%	-72%	-65%	-125%
Total	-9%	-7%	0%	-20%

Year to date, SEK million	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	10 918	8 800	6 391	2 871	17 361
Digital Services	-18 663	-13 698	-10 252	-8 247	-5 866
Managed Services	-4 184	-2 907	-2 101	-1 803	-444
Other	-6 162	-4 961	-3 531	-2 222	-3 214
Total	-18 091	-12 766	-9 493	-9 401	7 837

As percentage of net sales, year to date	2016				2015
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	8%	9%	10%	9%	13%
Digital Services	-45%	-48%	-54%	-96%	-13%
Managed Services	-17%	-16%	-17%	-30%	-2%
Other	-78%	-86%	-93%	-125%	-37%
Total	-9%	-9%	-10%	-20%	4%

NET SALES BY MARKET AREA BY QUARTER

Isolated quarters, SEK million	2017			
	Q4	Q3	Q2	Q1
South East Asia Oceania & India	7 844	7 858	7 234	8 410
North East Asia	6 465	5 653	5 901	5 564
North America	14 685	12 319	12 970	12 027
Europe & Latin America ^{1) 2)}	16 939	13 430	14 231	12 201
Middle East & Africa	7 581	6 297	5 731	5 356
Other ^{1) 2)}	4 367	3 856	4 214	4 245
Total	57 881	49 413	50 281	47 803
¹⁾ Of which in Sweden	872	660	785	1 017
²⁾ Of which in EU	10 822	8 635	8 687	8 328

Sequential change, percent	2017			
	Q4	Q3	Q2	Q1
South East Asia Oceania & India	0%	9%	-14%	-
North East Asia	14%	-4%	6%	-
North America	19%	-5%	8%	-
Europe & Latin America ^{1) 2)}	26%	-6%	17%	-
Middle East & Africa	20%	10%	7%	-
Other ^{1) 2)}	13%	-8%	-1%	-
Total	17%	-2%	5%	-
¹⁾ Of which in Sweden	32%	-16%	-23%	-
²⁾ Of which in EU	25%	-1%	4%	-

Year to date, SEK million	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
South East Asia Oceania & India	31 346	23 502	15 644	8 410	31 457
North East Asia	23 583	17 118	11 465	5 564	26 993
North America	52 001	37 316	24 997	12 027	51 588
Europe & Latin America ^{1) 2)}	56 801	39 862	26 432	12 201	62 493
Middle East & Africa	24 965	17 384	11 087	5 356	27 372
Other ^{1) 2)}	16 682	12 315	8 459	4 245	20 413
Total	205 378	147 497	98 084	47 803	220 316
¹⁾ Of which in Sweden	3 334	2 462	1 802	1 017	3 365
²⁾ Of which in EU	36 472	25 650	17 015	8 328	38 783

Year over year change, percent	2017			
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar
South East Asia Oceania & India	0%	-	-	-
North East Asia	-13%	-	-	-
North America	1%	-	-	-
Europe & Latin America ^{1) 2)}	-9%	-	-	-
Middle East & Africa	-9%	-	-	-
Other ^{1) 2)}	-18%	-	-	-
Total	-7%	-	-	-
¹⁾ Of which in Sweden	-1%	-	-	-
²⁾ Of which in EU	-6%	-	-	-

NET SALES BY MARKET AREA AND SEGMENT BY QUARTER

ISOLATED QUARTER

Isolated quarters, SEK million	Q4 2017					Q3 2017					Q2 2017					Q1 2017				
	Networks	Digital Services	Managed Services	Other	Total	Networks	Digital Services	Managed Services	Other	Total	Networks	Digital Services	Managed Services	Other	Total	Networks	Digital Services	Managed Services	Other	Total
South East Asia Oceania & India	5 874	1 342	623	5	7 844	5 790	1 045	1 023	0	7 858	5 216	1 251	764	3	7 234	6 406	1 243	761	0	8 410
North East Asia	4 235	1 717	510	3	6 465	3 789	1 427	430	7	5 653	3 779	1 689	432	1	5 901	4 273	885	404	2	5 564
North America	11 881	2 093	674	37	14 685	9 478	2 018	797	26	12 319	9 880	2 126	938	26	12 970	9 373	1 717	912	25	12 027
Europe & Latin America	8 775	4 609	3 467	88	16 939	7 113	3 193	3 005	119	13 430	7 624	3 411	3 154	42	14 231	6 317	2 886	2 974	24	12 201
Middle East & Africa	4 119	2 513	930	19	7 581	3 650	1 736	889	22	6 297	3 140	1 648	943	0	5 731	2 978	1 435	943	0	5 356
Other	1 905	535	-1	1 928	4 367	1 788	254	-1	1 815	3 856	1 901	379	0	1 934	4 214	2 131	383	1	1 730	4 245
Total	36 789	12 809	6 203	2 080	57 881	31 608	9 673	6 143	1 989	49 413	31 540	10 504	6 231	2 006	50 281	31 478	8 549	5 995	1 781	47 803
Share of Total	63%	22%	11%	4%	100%	64%	20%	12%	4%	100%	63%	21%	12%	4%	100%	66%	18%	12%	4%	100%

Sequential change (%)	Q4 2017					Q3 2017					Q2 2017				
	Networks	Digital Services	Managed Services	Other	Total	Networks	Digital Services	Managed Services	Other	Total	Networks	Digital Services	Managed Services	Other	Total
South East Asia Oceania & India	1%	28%	-39%	-	0%	11%	-16%	34%	-100%	9%	-19%	1%	0%	-	-14%
North East Asia	12%	20%	19%	-57%	14%	0%	-16%	0%	600%	-4%	-12%	91%	7%	-50%	6%
North America	25%	4%	-15%	42%	19%	-4%	-5%	-15%	0%	-5%	5%	24%	3%	4%	8%
Europe & Latin America	23%	44%	15%	-26%	26%	-7%	-6%	-5%	183%	-6%	21%	18%	6%	75%	17%
Middle East & Africa	13%	45%	5%	-14%	20%	16%	5%	-6%	-	10%	5%	15%	0%	-	7%
Other	7%	111%	0%	6%	13%	-6%	-32%	-200%	-6%	-8%	-11%	-3%	-	12%	-1%
Total	16%	32%	1%	5%	17%	0%	-8%	-1%	-1%	-2%	0%	23%	4%	13%	5%

YEAR TO DATE

Year to date, SEK million	Jan-Dec 2017					Jan-Sep 2017					Jan-Jun 2017					Jan-Mar 2017					Jan-Dec 2016				
	Networks	Digital Services	Managed Services	Other	Total	Networks	Digital Services	Managed Services	Other	Total	Networks	Digital Services	Managed Services	Other	Total	Networks	Digital Services	Managed Services	Other	Total	Networks	Digital Services	Managed Services	Other	Total
South East Asia Oceania & India	23 286	4 881	3 171	8	31 346	17 412	3 539	2 548	3	23 502	11 622	2 494	1 525	3	15 644	6 406	1 243	761	0	8 410	23 652	4 470	3 330	5	31 457
North East Asia	16 076	5 718	1 776	13	23 583	11 841	4 001	1 266	10	17 118	8 052	2 574	836	3	11 465	4 273	885	404	2	5 564	18 338	7 142	1 504	9	26 993
North America	40 612	7 954	3 321	114	52 001	28 731	5 861	2 647	77	37 316	19 253	3 843	1 850	51	24 997	9 373	1 717	912	25	12 027	37 822	7 515	6 166	85	51 588
Europe & Latin America	29 829	14 099	12 600	273	56 801	21 054	9 490	9 133	185	39 862	13 941	6 297	6 128	66	26 432	6 317	2 886	2 974	24	12 201	33 645	16 215	12 523	110	62 493
Middle East & Africa	13 887	7 332	3 705	41	24 965	9 768	4 819	2 775	22	17 384	6 118	3 083	1 886	0	11 087	2 978	1 435	943	0	5 356	15 916	7 427	4 028	1	27 372
Other	7 725	1 551	-1	7 407	16 682	5 820	1 016	0	5 479	12 315	4 032	762	1	3 664	8 459	2 131	383	1	1 730	4 245	9 492	2 445	0	8 476	20 413
Total	131 415	41 535	24 572	7 856	205 378	94 626	28 726	18 369	5 776	147 497	63 018	19 053	12 226	3 787	98 084	31 478	8 549	5 995	1 781	47 803	138 865	45 214	27 551	8 686	220 316
Share of Total	64%	20%	12%	4%	100%	64%	20%	12%	4%	100%	64%	19%	13%	4%	100%	66%	18%	12%	4%	100%	63%	21%	12%	4%	100%

Year over year change (%)	Jan-Dec 2017				
	Networks	Digital Services	Managed Services	Other	Total
South East Asia Oceania & India	-2%	9%	-5%	60%	0%
North East Asia	-12%	-20%	18%	44%	-13%
North America	7%	6%	-46%	34%	1%
Europe & Latin America	-11%	-13%	1%	148%	-9%
Middle East & Africa	-13%	-1%	-8%	4000%	-9%
Other	-19%	-37%	-	-13%	-18%
Total	-5%	-8%	-11%	-10%	-7%

IPR LICENSING REVENUES BY SEGMENT BY QUARTER

Isolated quarters, SEK million	2017			
	Q4	Q3	Q2	Q1
Networks	1 731	1 640	1 670	1 724
Digital Services	380	360	366	379
Total	2 111	2 000	2 036	2 103

Year to date, SEK million	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	6 765	5 034	3 394	1 724	8 410
Digital Services	1 485	1 105	745	379	1 846
Total	8 250	6 139	4 139	2 103	10 256

GROSS INCOME AND GROSS MARGIN EXCLUDING RESTRUCTURING CHARGES BY SEGMENT BY QUARTER

Isolated quarters, SEK million	2017			
	Q4	Q3	Q2	Q1
Networks	12 987	11 033	11 417	11 163
Digital Services	1 678	3 001	3 566	-2 118
Managed Services	-405	-355	87	-449
Other	294	419	487	364
Total	14 554	14 098	15 557	8 960

As percentage of net sales, isolated quarters	2017			
	Q4	Q3	Q2	Q1
Networks	35%	35%	36%	35%
Digital Services	13%	31%	34%	-25%
Managed Services	-7%	-6%	1%	-7%
Other	14%	21%	24%	20%
Total	25%	29%	31%	19%

Year to date, SEK million	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	46 600	33 613	22 580	11 163	48 009
Digital Services	6 127	4 449	1 448	-2 118	16 863
Managed Services	-1 122	-717	-362	-449	1 433
Other	1 564	1 270	851	364	2 424
Total	53 169	38 615	24 517	8 960	68 729

As percentage of net sales, year to date	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	35%	36%	36%	35%	35%
Digital Services	15%	15%	8%	-25%	37%
Managed Services	-5%	-4%	-3%	-7%	5%
Other	20%	22%	22%	20%	28%
Total	26%	26%	25%	19%	31%

OPERATING INCOME AND OPERATING MARGIN EXCLUDING RESTRUCTURING BY SEGMENT BY QUARTER

Isolated quarters, SEK million	2017			
	Q4	Q3	Q2	Q1
Networks	3 291	3 733	4 251	4 033
Digital Services	-11 659	-2 537	-1 754	-8 735
Managed Services	-908	-708	-182	-1 722
Other	-7 577	-1 321	-1 338	-3 109
Total	-16 853	-833	977	-9 533

As percentage of net sales, isolated quarters	2017			
	Q4	Q3	Q2	Q1
Networks	9%	12%	13%	13%
Digital Services	-91%	-26%	-17%	-102%
Managed Services	-15%	-12%	-3%	-29%
Other	-364%	-66%	-67%	-175%
Total	-29%	-2%	2%	-20%

Year to date, SEK million	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	15 308	12 017	8 284	4 033	19 974
Digital Services	-24 685	-13 026	-10 489	-8 735	-3 730
Managed Services	-3 520	-2 612	-1 904	-1 722	-76
Other	-13 345	-5 768	-4 447	-3 109	-3 414
Total	-26 242	-9 389	-8 556	-9 533	12 754

As percentage of net sales, year to date	2017				2016
	Jan-Dec	Jan-Sep	Jan-Jun	Jan-Mar	Jan-Dec
Networks	12%	13%	13%	13%	14%
Digital Services	-59%	-45%	-55%	-102%	-8%
Managed Services	-14%	-14%	-16%	-29%	0%
Other	-170%	-100%	-117%	-175%	-39%
Total	-13%	-6%	-9%	-20%	6%