

SECOND QUARTER REPORT

2009



HENRY STÉNSON

Senior Vice President Communications



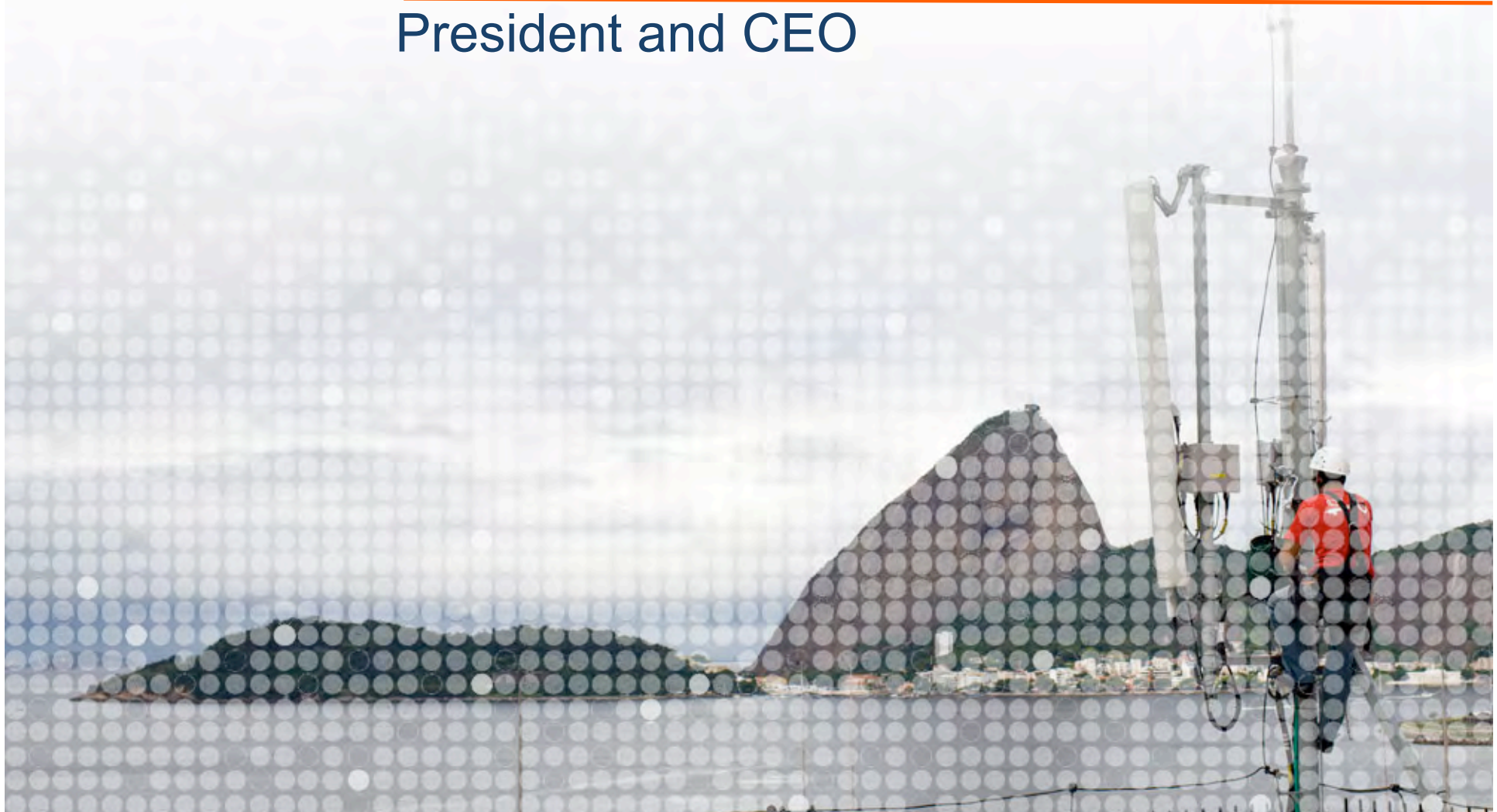
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This presentation contains forward looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our earnings reports and our most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

CARL-HENRIC SVANBERG

President and CEO



Q2 in summary – different trends

Opportunities as well as challenges

- Major rollouts of new technologies in world's leading economies
 - 3G up 60%, now larger than GSM
- Decreased networks investments in certain emerging markets
 - Political uncertainties and financial constraints
- Services strong, 38% (33%) of total sales
 - Group leading margins, all areas show strong growth
- Margins up 2.4% year-over-year
 - Restructuring on plan, charges of SEK 3.6 b in the quarter
- Cash flow SEK 9.9 (8.7) b
 - Net cash up SEK 5 b despite SEK 6 b dividend

Longer-term positive industry fundamentals remain solid

This slide contains forward looking statements

Major advances in services

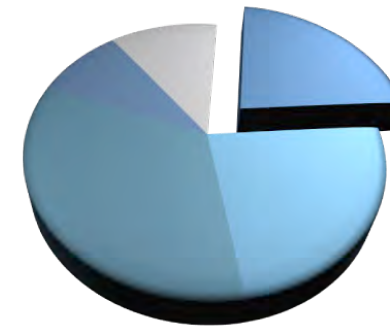
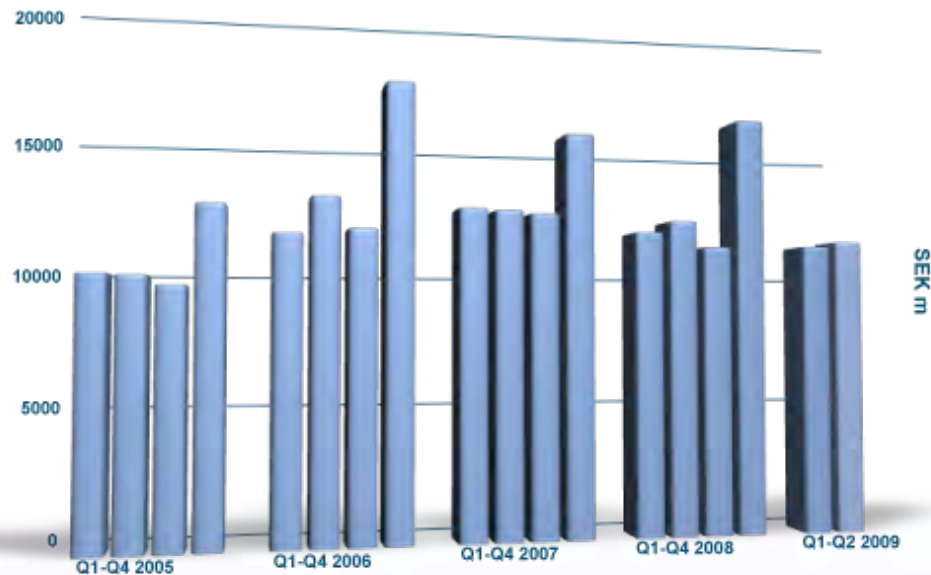
- Breakthrough contract in North America with Sprint, US
 - Seven-year contract, USD 4.5-5 b
 - Wireline and wireless - 6,000 employees
- First managed services deal in Africa with Zain
 - Nigeria, five-year agreement, 450 employees
 - Paves the way for further deals in sub-Saharan
- Key services deal with Telefónica O2 UK
 - Major part of UK services market now covered



World leader in services, benefiting from scale and global presence

Regional Q2 comments

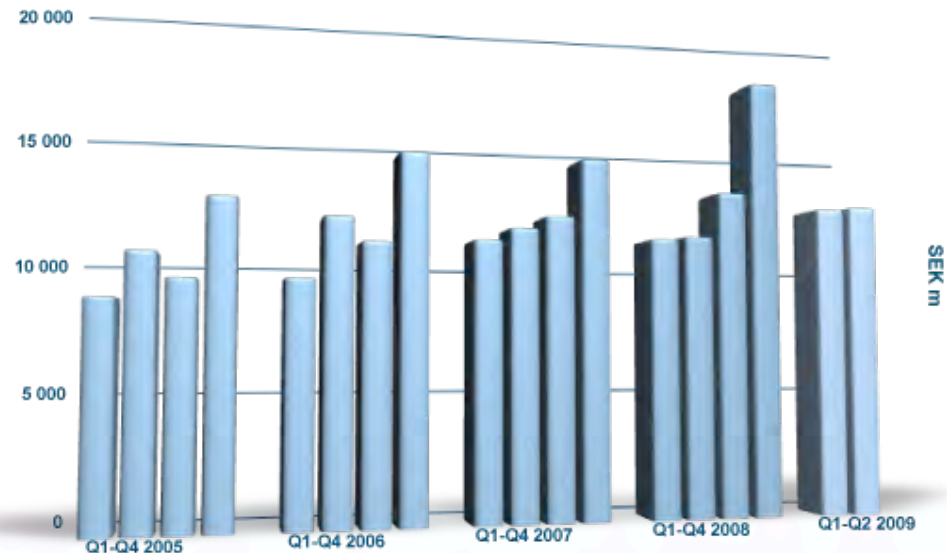
Western Europe sales -6% year-over-year



- Sales slightly up for comparable units
- Strong mobile data growth drives 3G upgrades – offsetting GSM decline
- Good growth in UK, Italy and the Netherlands – Spain remains weak
- 28 Mbps MIMO network launched with Telecom Italia

Regional Q2 comments

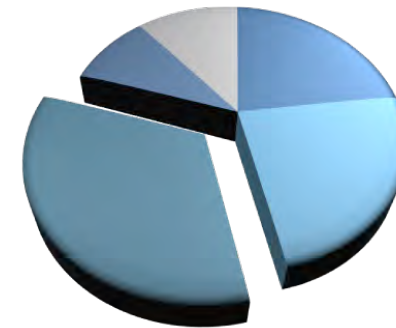
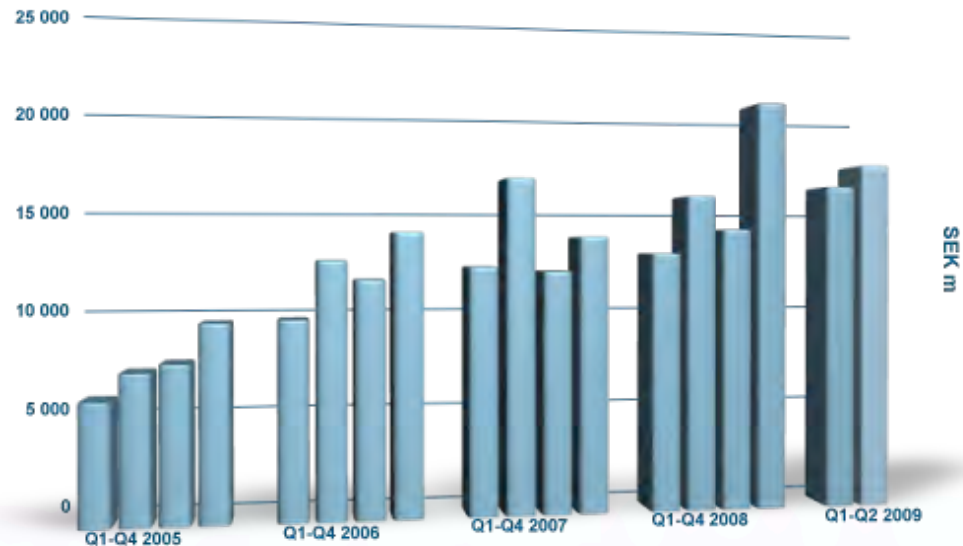
Central Europe, Middle East, Africa sales up 12% year-over-year



- Large region with significant variations
 - Need for telephony, strong demand for data services, effects from global crisis
- Several countries in Eastern Europe still weak – Russia improved
- First managed services deal in Africa with Zain, Nigeria

Regional Q2 comments

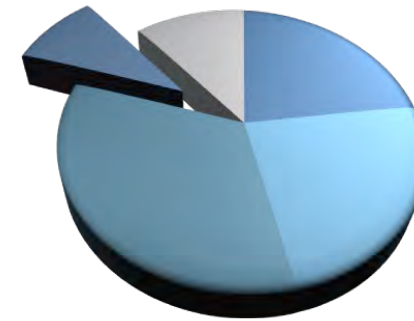
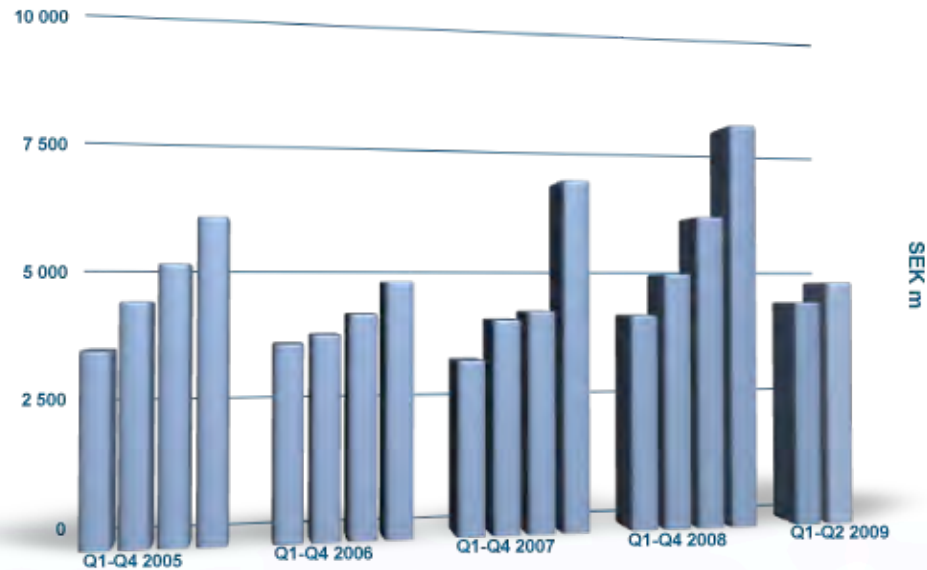
Asia Pacific sales up 10% year-over-year



- China remains strong – largest market in the quarter
- India sales still high – lower due to project phasing
- Strong development in Japan, Indonesia and Australia
- No recovery yet in Bangladesh and Pakistan

Regional Q2 comments

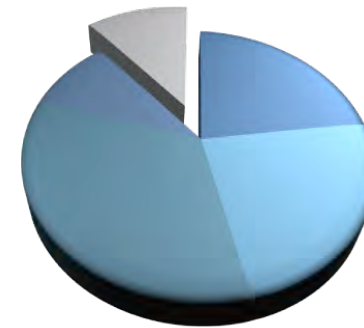
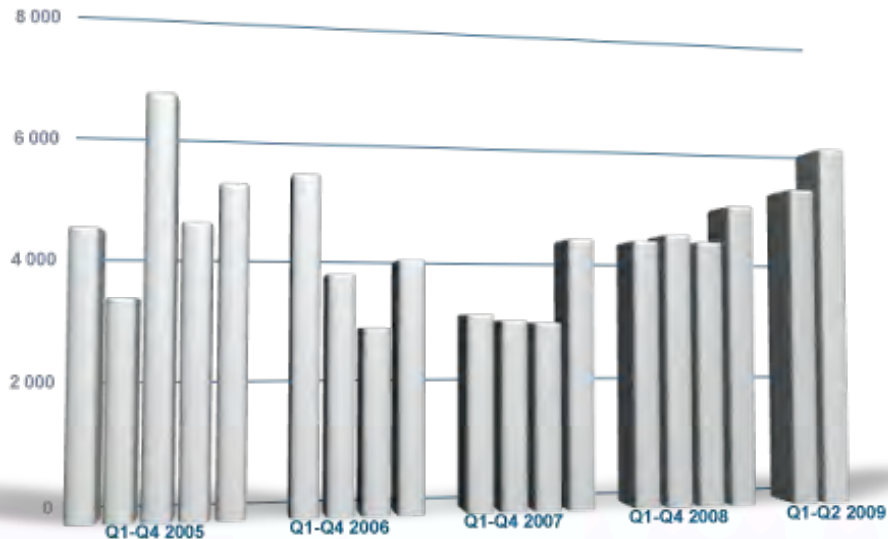
Latin America sales -3% year-over-year



- Several markets affected by currency depreciation
- Strong consumer demand for mobile broadband
- Central America, Brazil, Mexico weaker – good growth in Chile, Argentina

Regional Q2 comments

North America sales up 34% year-over-year



- High activity in telecom segment despite economic slowdown
 - Quickly growing consumer demand for broadband services
- Good growth, despite currency impacts
- Break-in services deal with Sprint

HANS VESTBERG

Executive Vice President and CFO



Q2 financial highlights

SEK b.	Second quarter			First quarter	
	2009	2008	%	2009	%
Net sales	52.1	48.5	7 %	49.6	5%
Gross margin	36.3%	37.0%	-	36.3%	-
Operating income before JVs	6.9	4.7	49%	4.7	47 %
Operating margin before JVs	13.3%	9.6%	-	9.5%	-

- Net sales up 7% YoY, -3% in constant currencies, comparable units
- Stable gross margin despite increasing services and transfer of EMP
- Opex decreased due to cost reductions
- Improved operating margin in all segments
- Capital gain SEK 0.8 b from divestiture of TEMS

All numbers excluding restructuring charges

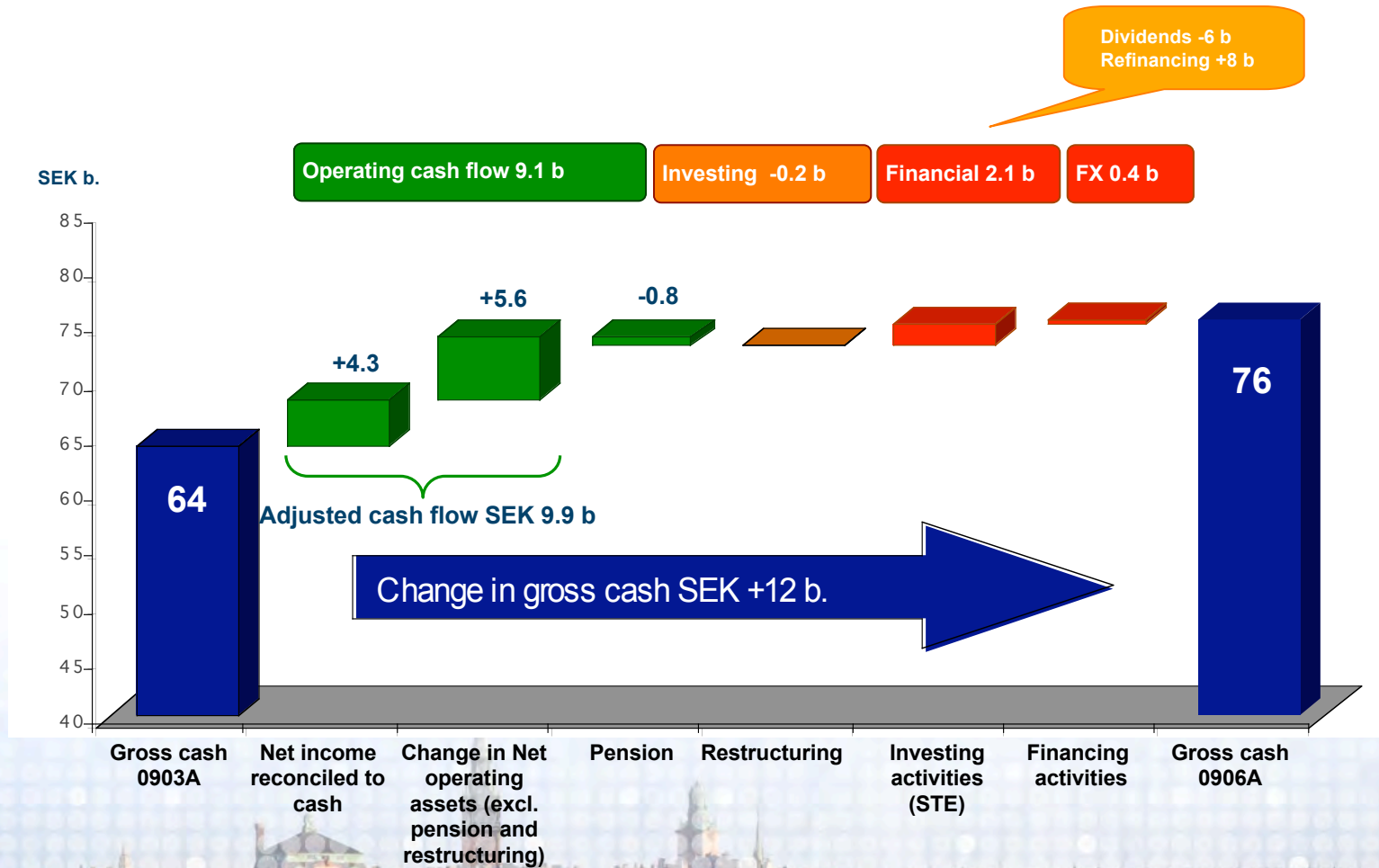
Q2 financial highlights

SEK b.	Second quarter			First quarter	
	2009	2008	%	2009	%
Share of earnings in JVs	-2.0	0.1	-	-2.2	-
Income after financial items	4.8	4.7	3%	3.3	45%
Net income	0.8	2.0	-61%	1.8	-57%
EPS diluted, SEK	0.26	0.59	-56%	0.54	-52%
Adjusted cash flow	9.9	8.7	-	-1.7	-

- Financial net SEK -0.1 (0.0) b
- Restructuring charges of SEK 3.6 (1.8) b
- Good cash flow due to strong collections and improved working capital
 - Some effects from operators optimizing cash situation

*All numbers, excluding EPS and net income, have been adjusted for restructuring charges
EPS excluding minority interests*

Change in Gross cash 2009 Q2



Change in Net cash SEK +5 b. (from SEK 23 to 28 b.)

Loan maturities in 2009 and 2010 refinanced in Q2



Undrawn available committed facilities amount to USD 2 b and matures in June 2014. Not shown in this chart.

Loan maturities in 2009 and 2010 refinanced in Q2

- USD 483 m bond repaid in May 2009



Undrawn available committed facilities amount to USD 2 b and matures in June 2014. Not shown in this chart.

Loan maturities in 2009 and 2010 refinanced in Q2

- USD 483 m bond repaid in May 2009
- New USD 625 m bilateral loan with SEK, matures 2016
- New EUR 600 m bond issue, maturity 2013



Undrawn available committed facilities amount to USD 2 b and matures in June 2014. Not shown in this chart.

Cost reductions on track

- Targeting savings of SEK 10 b from 2H 2010
 - Main part of activities initiated, program on track
 - 50/50 split of cost of sales and operating expenses
 - SEK 6-7 b estimated restructuring charges

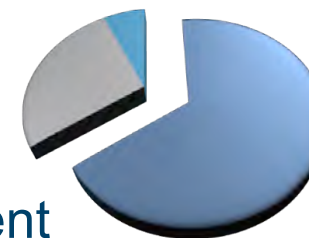
SEK b.	2009	
	Q2	Q1
Restructuring charges	3.6	0.7
Cash out	0.8	1.2
Remains to be paid	4.2	3.3

Please note that not all restructuring charges lead to cash out

Networks

SEK b.	Second quarter			First quarter	
	2009	2008	%	2009	%
Net sales	34.7	33.3	4%	33.6	4%
<i>Of which network rollout</i>	5.9	4.8	24%	4.7	27%
EBITDA margin	15%	15%	-	14%	-
Operating margin	11%	10%	-	10%	-

Excluding restructuring charges



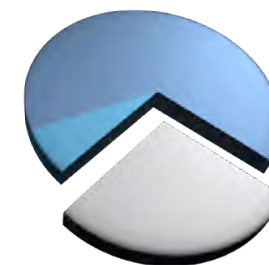
- Sales down currency adjusted – positive margin development
- Different market trends
 - Major technology driven rollouts in China, Japan, US
 - Notable impact of economic climate on certain emerging markets
- WCDMA volumes higher than GSM
- Data traffic drives upgrades of IP network and transmission
 - SmartEdge, Packet core and MiniLink growing strongly

Professional Services

SEK b.	Second quarter			First quarter	
	2009	2008	%	2009	%
Net sales	14.1	11.0	28%	12.8	10%
<i>Of which managed services</i>	4.6	3.4	34%	4.2	10%
EBITDA margin	17% ¹⁾	16%	-	17%	-
Operating margin	16% ¹⁾	14%	-	15%	-

Excluding restructuring charges

1) Q209 excludes a capital gain of SEK 0.8 b

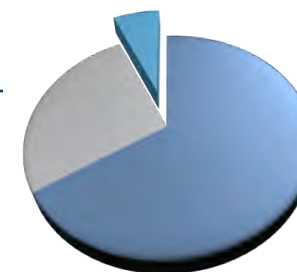


- Growth of 16% in local currencies
- Fast growing Consulting & Systems Integration, 7,000 employees
 - Acquisition of Bizitek – leading Turkish systems integrator
- Managed services up 34% YoY – operators focus on cost
 - Six new contracts, first contract in Africa, Zain and North America, Sprint

Multimedia

SEK b.	Second quarter			First quarter	
	2009	2008	%	2009	%
Net sales	3.3	2.7	23%	3.2	3%
EBITDA margin	17%	8%	-	10%	-
Operating margin	9%	-1%	-	2%	-

All numbers adjusted for comparable units and excluding restructuring charges



- Strong growth in comparable units, up 23%
 - Revenue management (prepaid and LHS in postpaid)
 - Multimedia brokering (IPX)
- Continued margin improvement – may still vary between quarters
 - Favorable mix - higher portion of software license expansion sales
 - Cost savings giving effects



Joint ventures in Q2

- Challenging device market
- Sony Ericsson
 - Sales of EUR 1,684 (2,820) m, NIBT EUR -283 (19) m
 - Cost reductions to restore profitability on track
 - Aino, Satio, Yari – new communication entertainment portfolio in Q4
- ST-Ericsson in operation since February, 2009
 - Sales of USD 666 m, adjusted operating income USD -165 m
 - Cost reductions of USD 480 m to leverage on synergies and restore profitability
 - Medium-term uncertain business environment



Summary

- Market with different trends - opportunities as well as challenges
 - More notable impacts from economic environment in certain countries
 - Accelerating demand for mobile internet, major technology rollouts
- Cost reductions on plan
 - Increased margins in all segments
- Services an increasing part of our business
 - Fastest growing – highest margins



Focus on cost and customers key to success

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Q&A