

SECOND QUARTER 2015

July 17, 2015





HELENA NORRMAN

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.



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



ERICSSON MOBILITY REPORT

ON THE PULSE OF THE NETWORKED SOCIETY

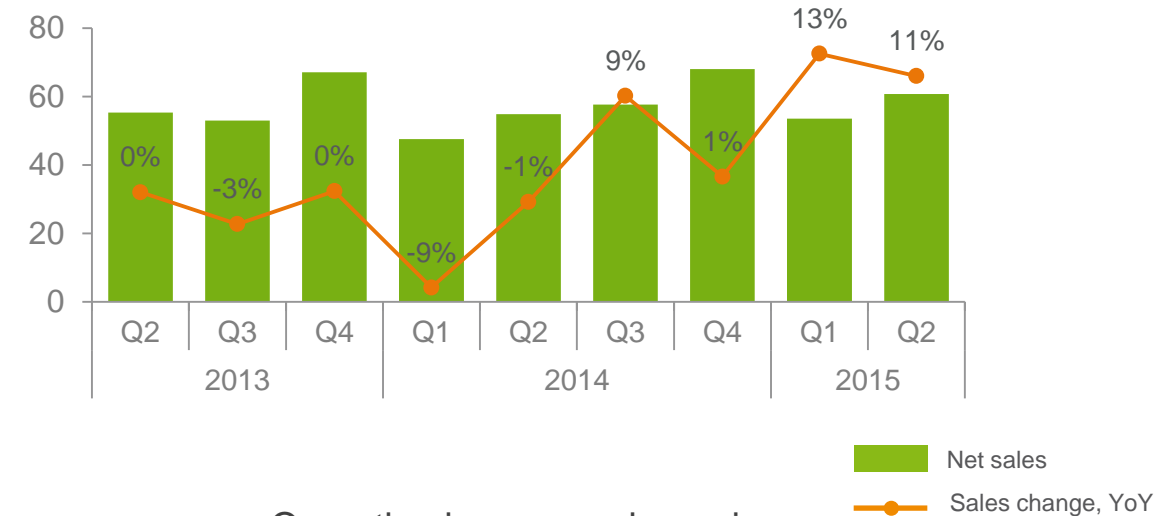
JUNE 2015

ERICSSON Q2 2015

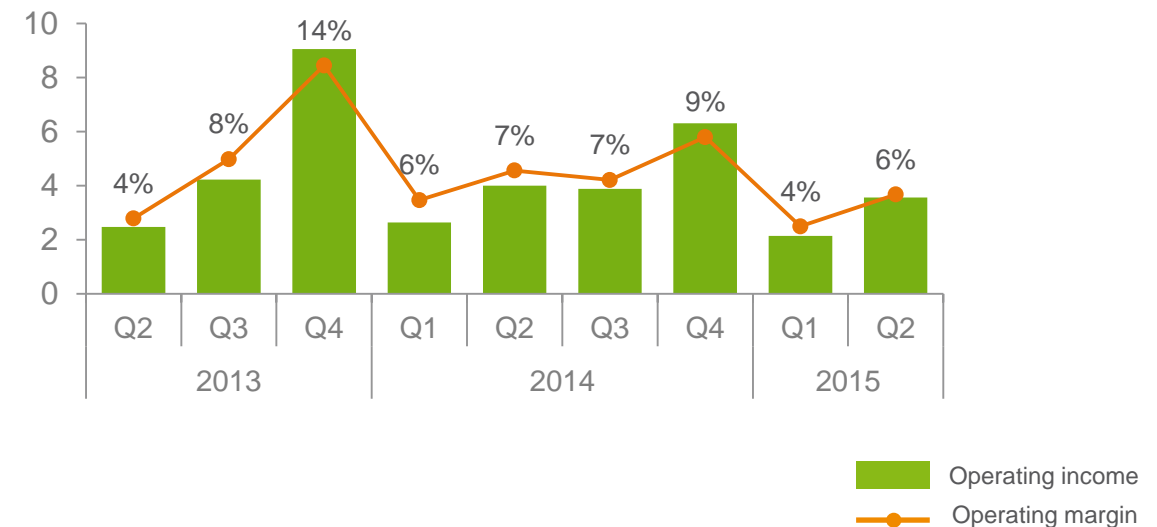


- › Reported sales up 11% YoY
- › Organic FX adjusted sales down 6% YoY
 - North America and Japan at lower levels
 - Growth in Mainland China, Middle East, India and South East Asia
- › Organic FX adjusted sales up 12% QoQ
 - Mobile broadband business in North America stabilized
 - Mainland China and 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

SEK b. Net sales and sales development

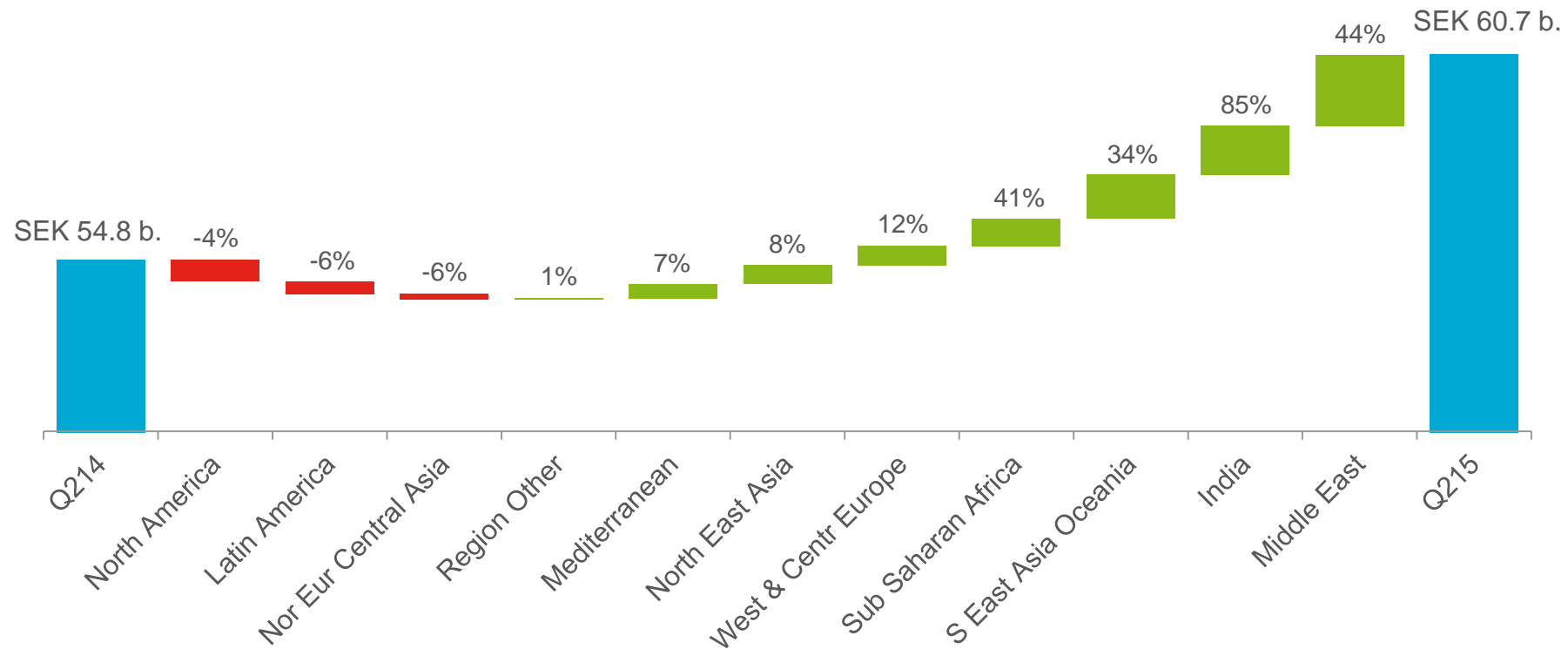


SEK b. Operating income and margin



REGIONAL SALES

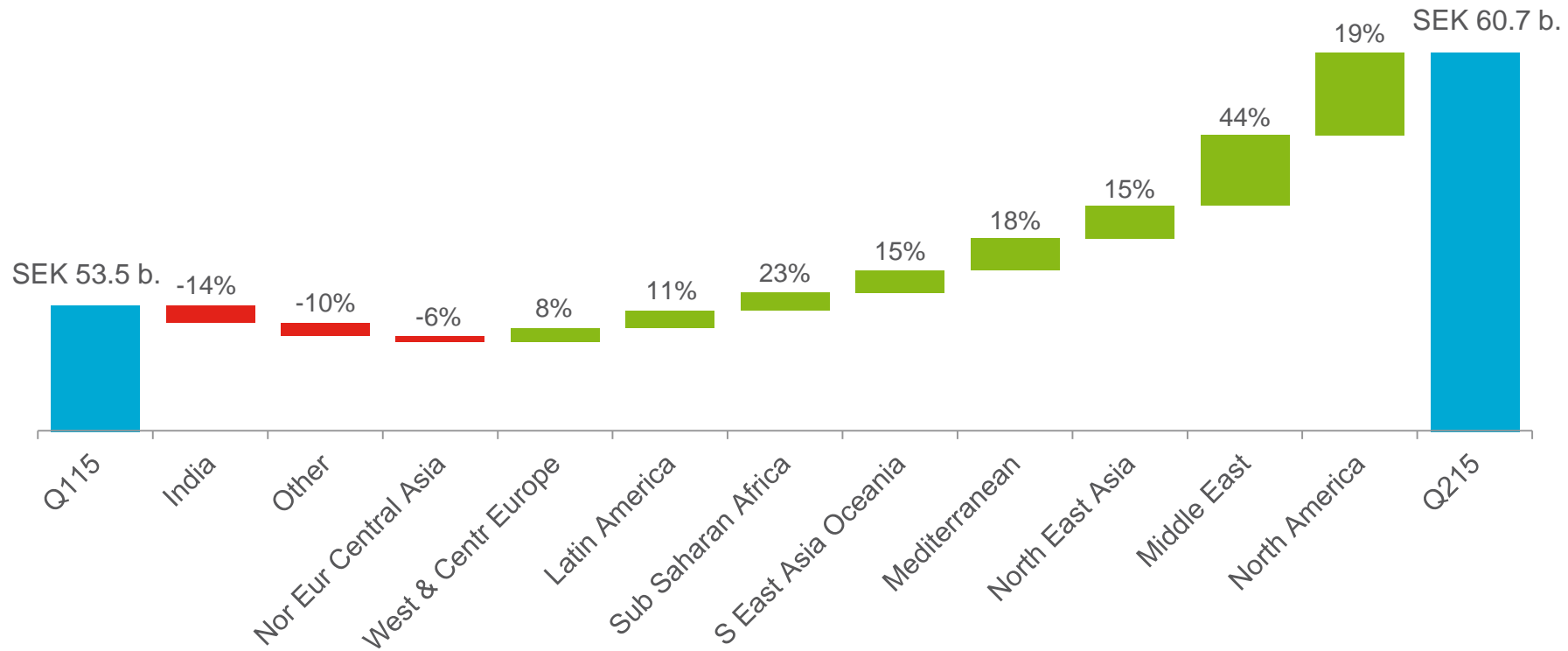
Q2 YoY



Growth driven by currency – adjusted sales down 6%

REGIONAL SALES

Q2 QoQ



Growth in North America – partly offset by India and Japan



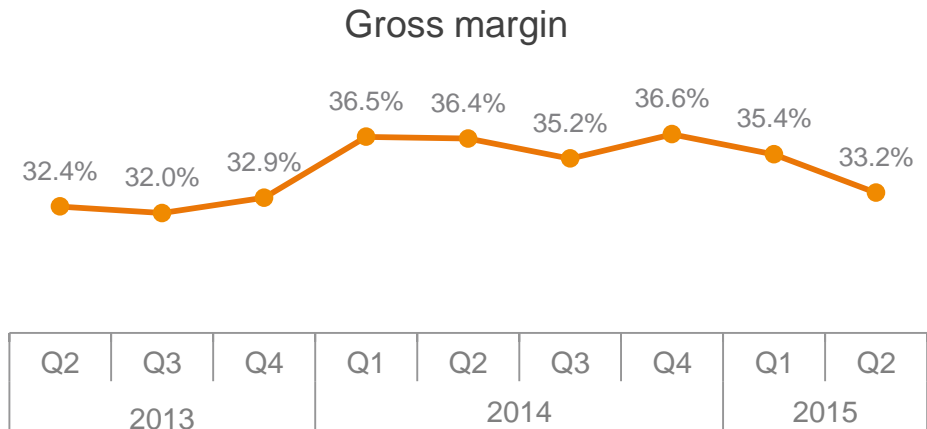
JAN FRYKHAMMAR

CFO and Executive Vice President

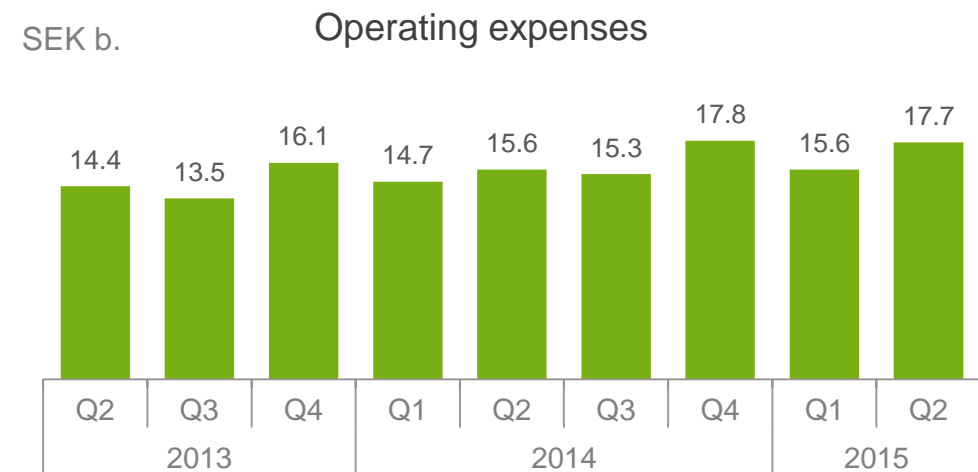
SECOND QUARTER



- › 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



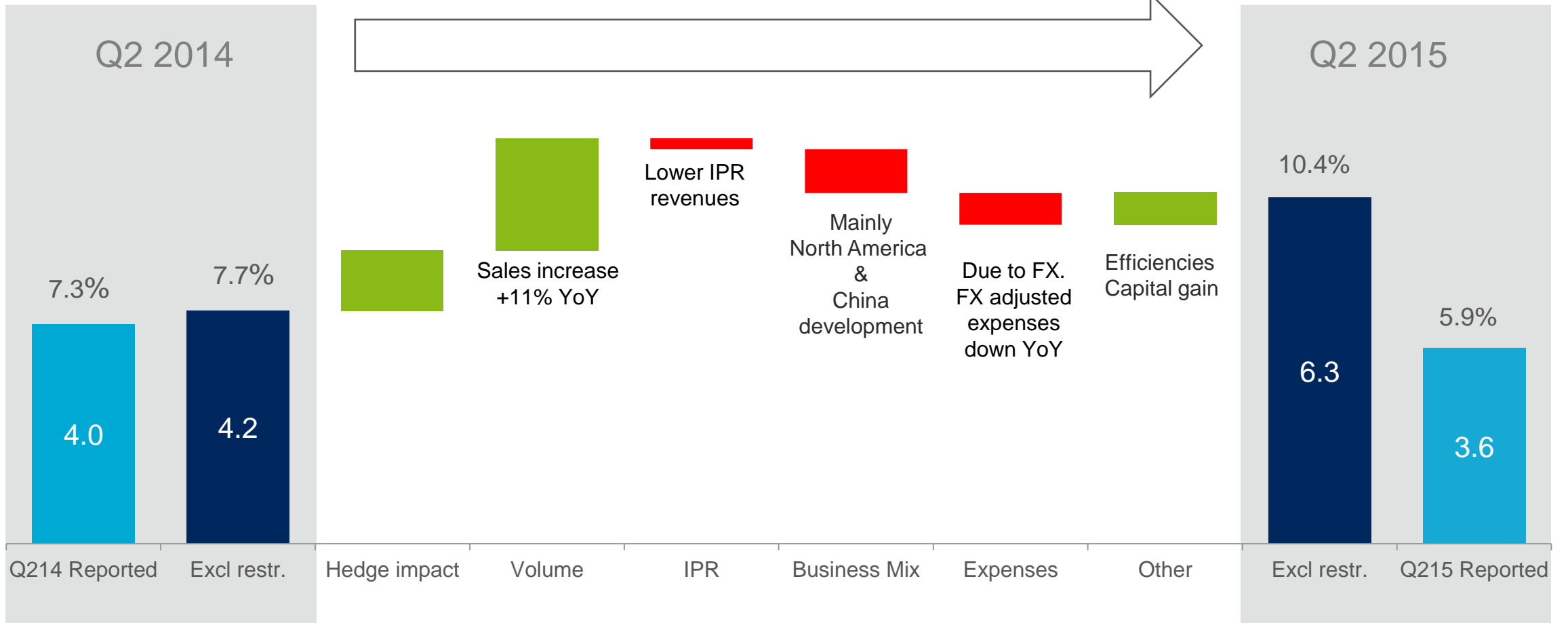
Q4 2013 Excluding Samsung agreement, SEK 4.2 b.



OPERATING INCOME YoY



SEK b.

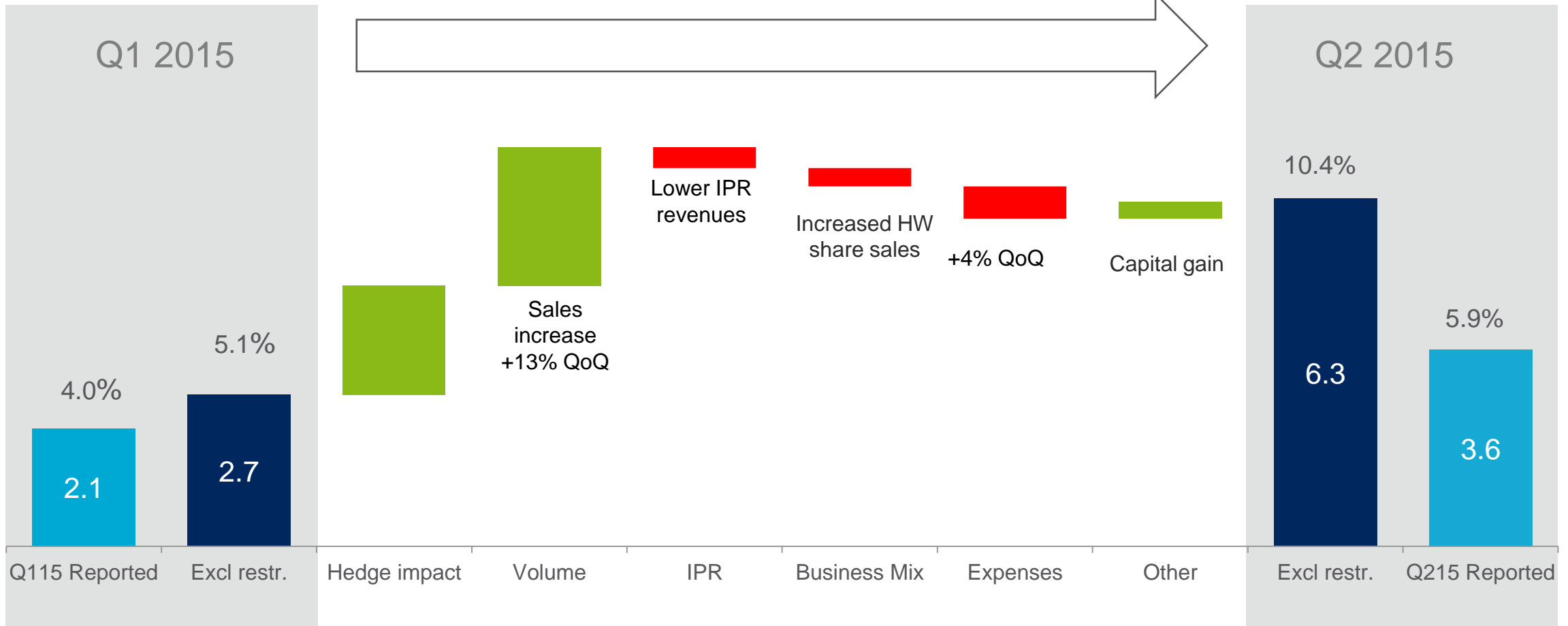


Improved operating income despite more China business and lower IPR revenue

OPERATING INCOME QoQ

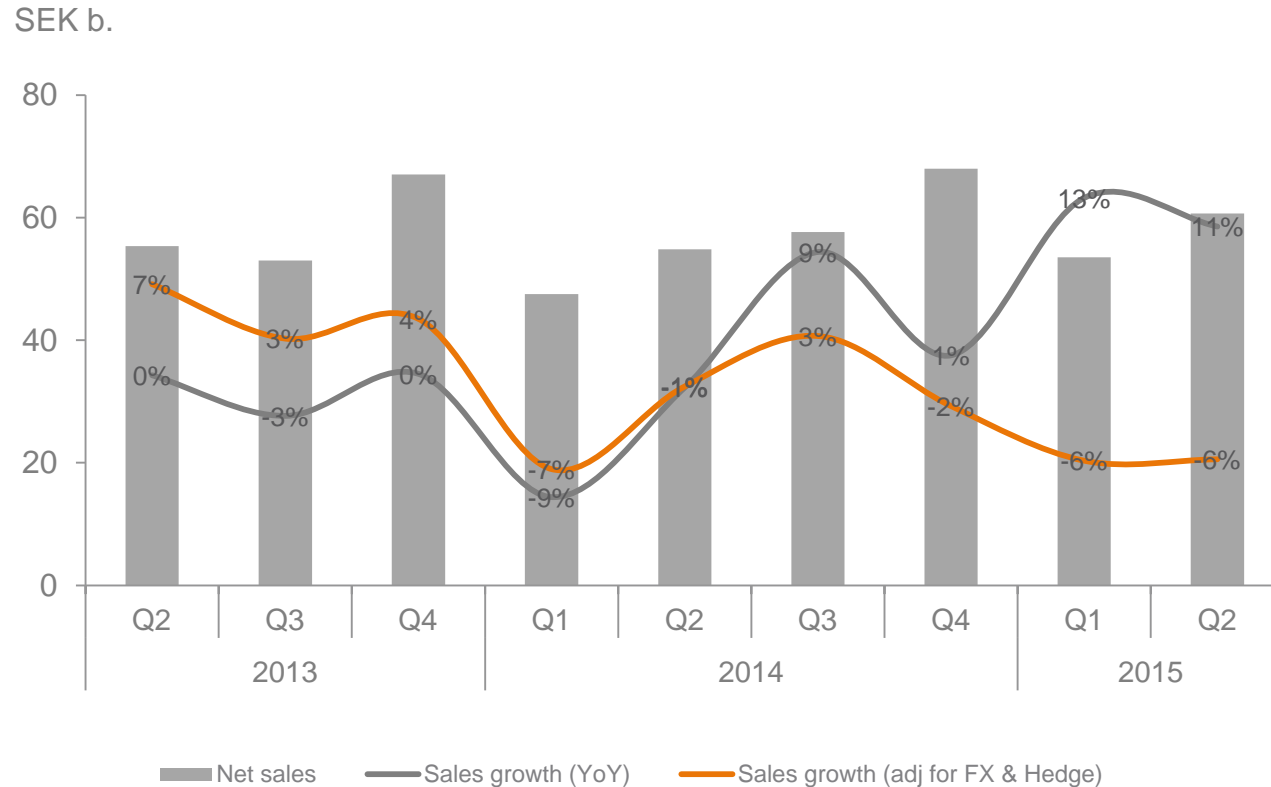


SEK b.



Improved operating income driven by volume leverage

SALES GROWTH – FX IMPACT



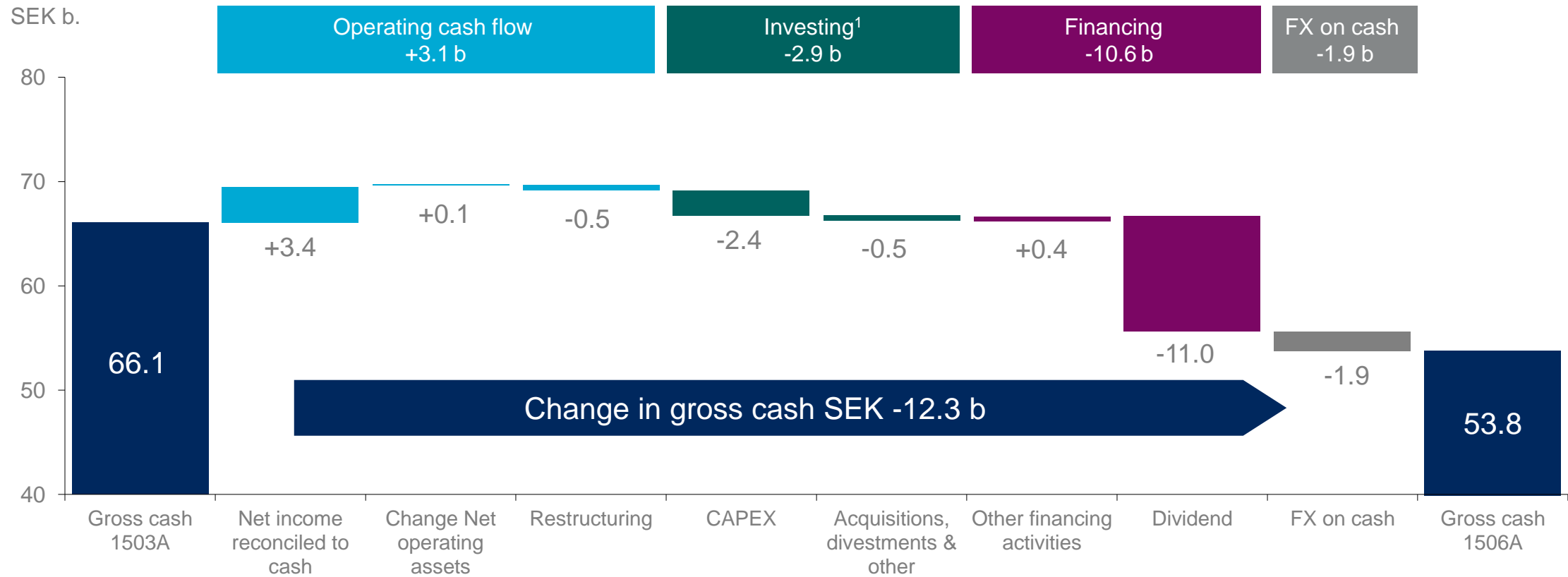
Sales YoY change, Q2 2015

	Reported	Organic and FX adj.
Networks	8%	-9%
Global Services	14%	-2%
Support Solutions	9%	-13%
Group	11%	-6%

Changed method for translating FX exposure into SEK for income statement items.
For details on method and currency rates, see ericsson.com/thecompany/investors

Currency continues to be a major driver

CHANGE IN GROSS CASH Q2



Change in net cash SEK -12.1 b. (from SEK 15.6 to 3.5 b.)

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

¹Excluding Short term investments



HANS VESTBERG

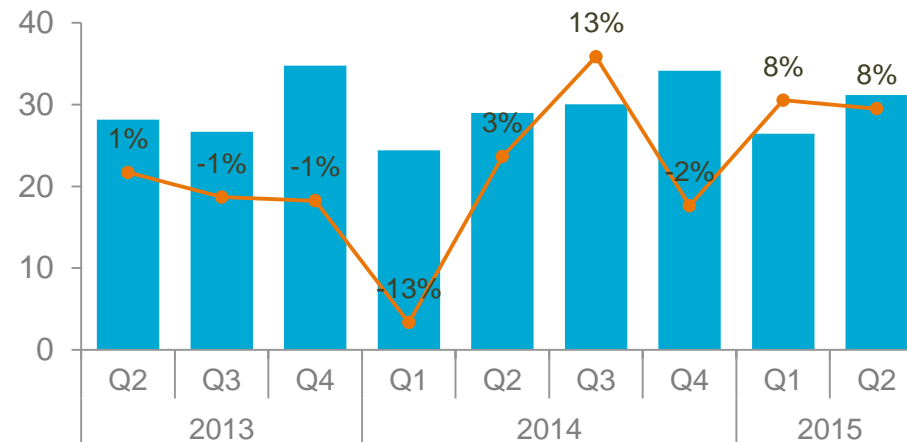
President and CEO

NETWORKS

- › 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 and 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

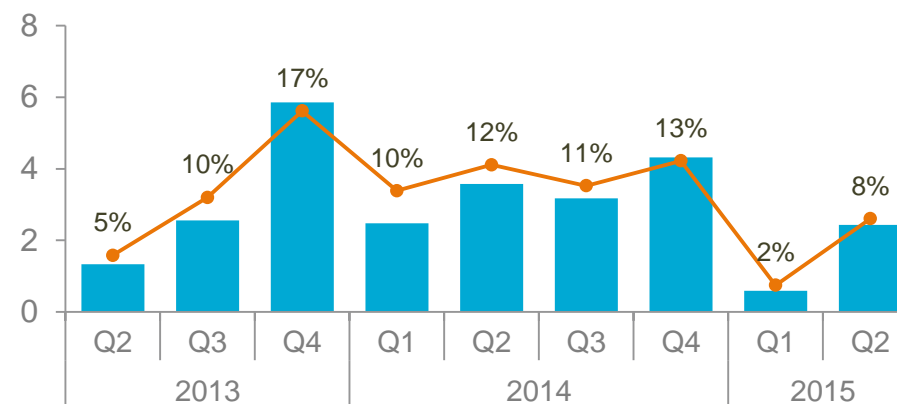


SEK b. Net sales and sales development



Net sales
Sales change, YoY

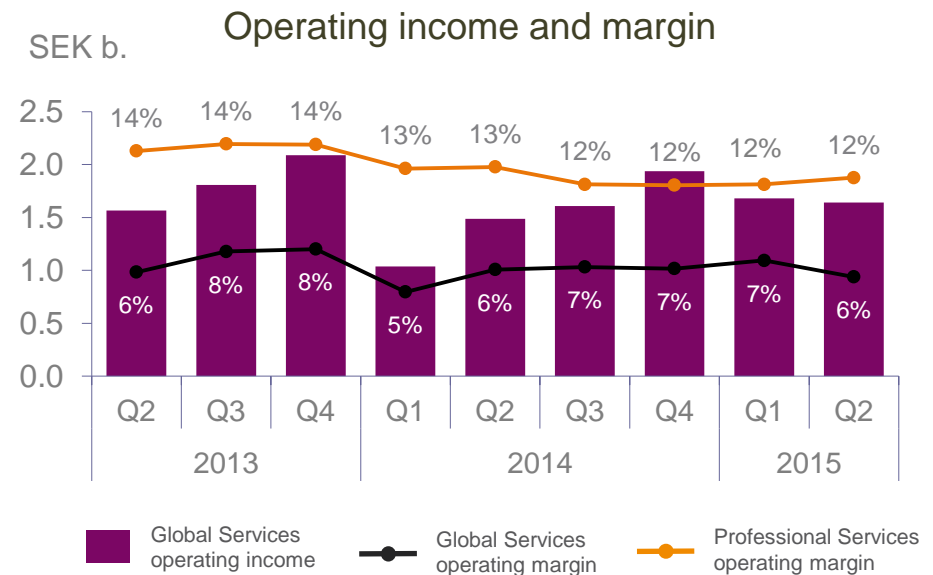
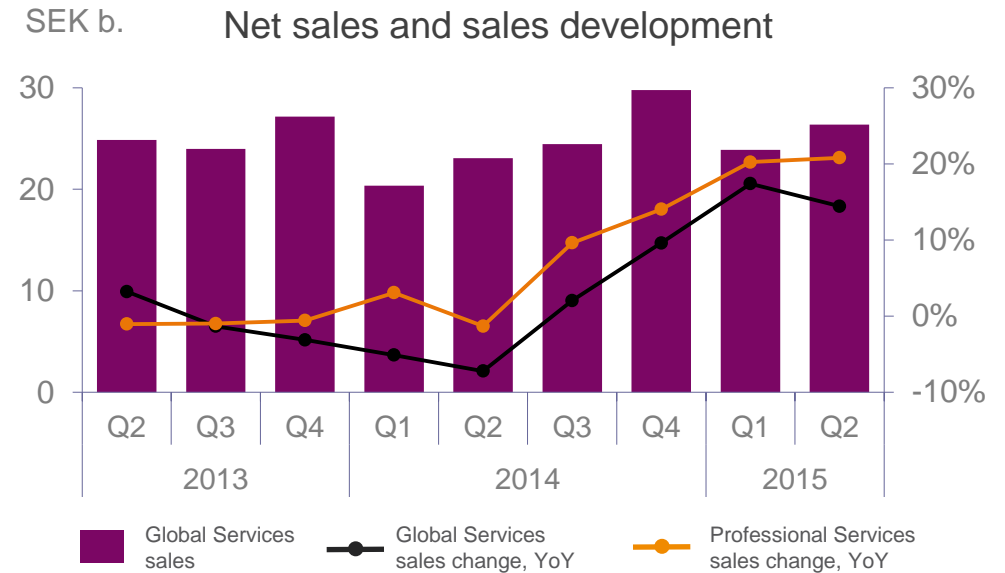
SEK b. Operating income and margin



Operating income
Operating margin

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

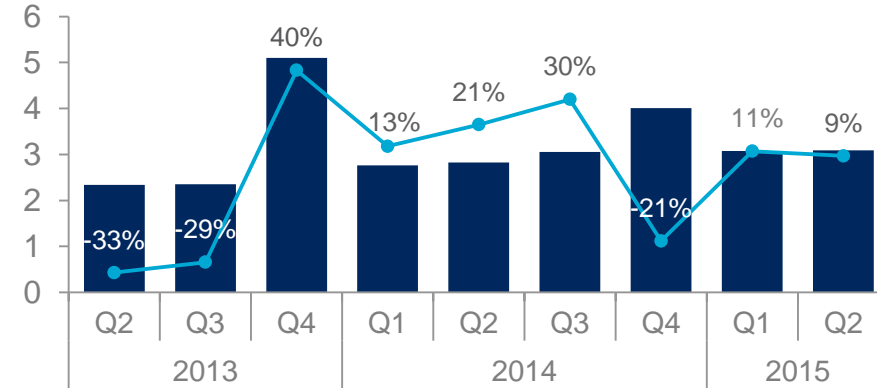


SUPPORT SOLUTIONS



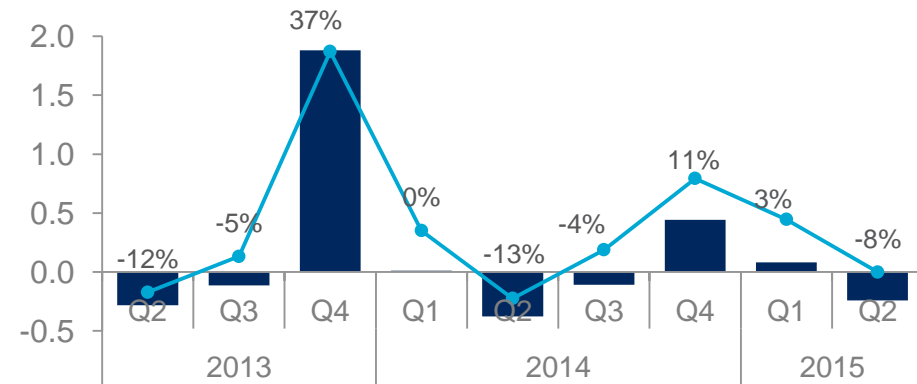
- › Reported sales up 9% YoY
- › Organic FX adjusted sales down 13% YoY
 - Continued good development in OSS & BSS
 - TV & Media declined
- › Organic FX adjusted sales down 3% QoQ
- › Operating income, excluding restructuring, improved YoY to SEK 0.0 (-0.3) b.
 - Driven by sales growth in OSS & BSS
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

SEK b. Net sales and sales development



■ Net sales
—●— Sales change, YoY

SEK b. Operating income and margin



■ Operating income
—●— Operating margin

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



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