

FIRST QUARTER 2012



ERICSSON

Richmond 4

25 April 2012



HELENA NORRMAN

Senior Vice President Communications

FIRST QUARTER 2012

25 April 2012

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

JAN FRYKHAMMAR

CFO and Executive Vice President

KEY STRATEGIC DEVELOPMENTS

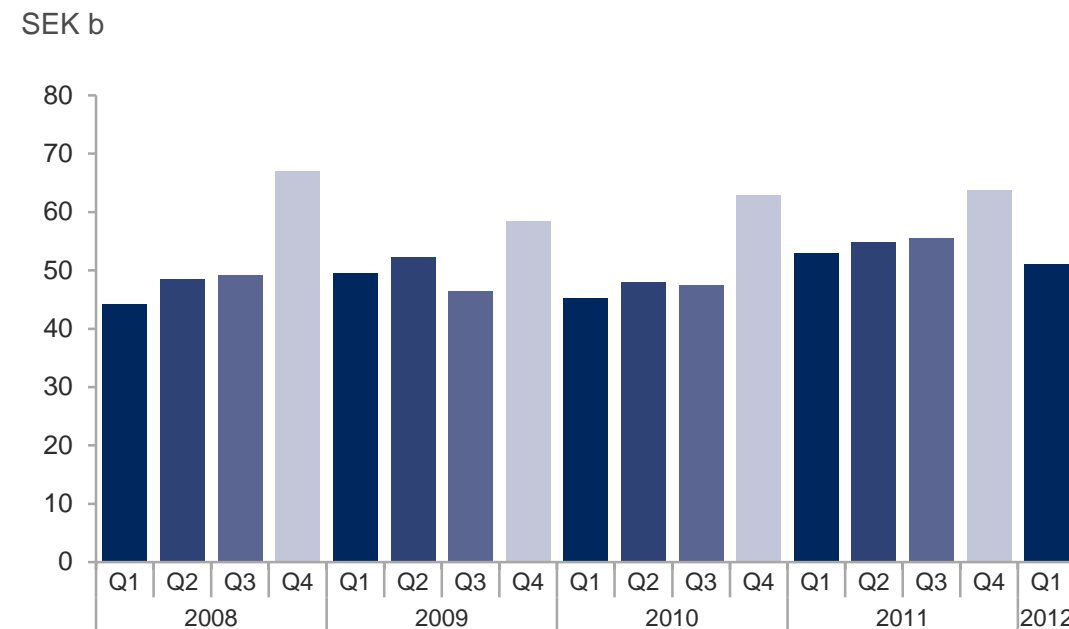
- › Portfolio momentum
 - Good demand for mobile broadband and services
 - Integration of Telcordia according to plan
- › Market share gains
 - Mobile networks market share increased to 38% (32%) in 2011
- › Revised strategy for segment Support Solutions
 - OSS/BSS, TV&Media, M-commerce
- › Divestment of Sony Ericsson
- › New strategic direction for ST-Ericsson



NET SALES



- › Sales -4% YoY
 - Sales -20% QoQ - seasonality effects
- › Sales of high performance mobile broadband
 - Developed well in North America, Japan and Korea
 - Weaker in Europe, including Russia, parts of Middle East and India
- › Good momentum in Global Services +18%
- › Telcordia added SEK 0.9 b
 - Revenues split 50/50 between segments Global Services and Support Solutions



Net sales

Q112 SEK 51.0 b
Y/Y -4%
Q/Q -20%

Organic and FX adjusted

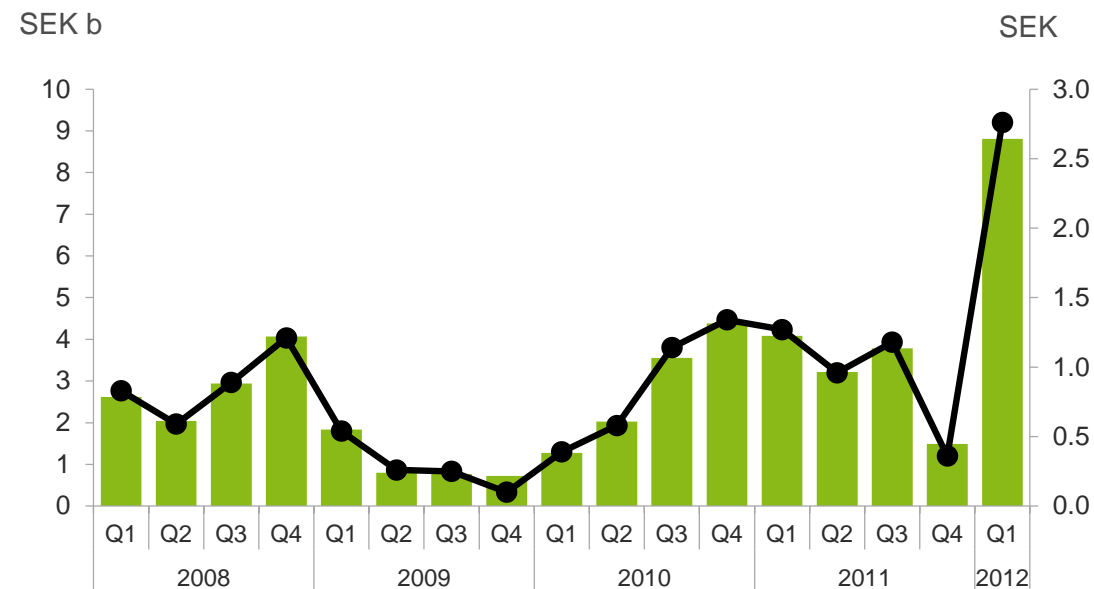
Q112/Q111 -6%

PROFITABILITY



- › Net income SEK 8.8 (4.1) b
 - Impacted by Sony Ericsson divestment SEK 7.7 b
 - Ericsson share in ST-Ericsson earnings SEK -1,4 b.

- › EPS Non-IFRS* SEK 3.14 (1.61)
 - EPS Non-IFRS and excl. Sony Ericsson gain SEK 0.77



Net income

1Q12 SEK 8.8 b
 Y/Y 116%
 Q/Q 490%

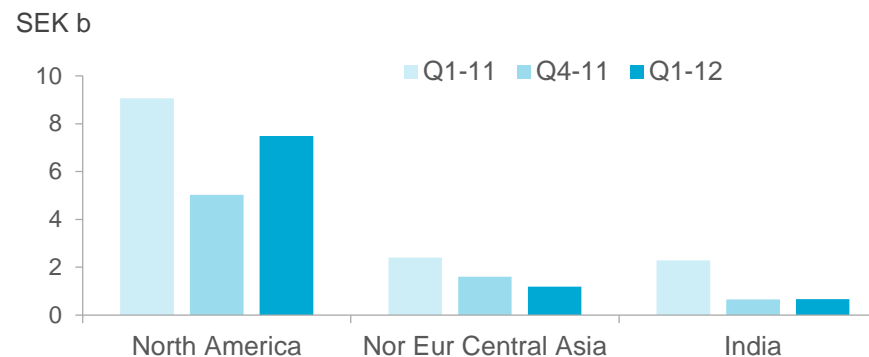
■ Net income
● EPS, diluted

*EPS, diluted, excl. Amortizations, write-downs of acquired intangible assets and restructuring

NETWORKS



- › Organic FX adjusted sales -18% YoY
 - CDMA continued to decline and decreased -40% YoY
 - QoQ impacted by seasonality
- › Business trends from H211 prevailed
 - Cautious operator spending in regions with macro or political uncertainty
 - Operators investment timings impacted by technology choices and business model changes
- › Mixed regional development
 - Good demand for HSPA and LTE, especially in North America
 - Slower development in Europe, incl Russia, Middle East, India
- › EBITA margin decreased to 9% (20%) YoY
 - Negatively impacted by business mix with more coverage than capacity projects and European modernization projects
 - QoQ negatively impacted by lower volumes, partly offset by mobile broadband capacity investments
 - Underlying business mix expected to prevail short-term
 - Efficiency activities ongoing
- › BelAir acquisition adding carrier grade WiFi capabilities



EBITA margin	
Q112	9%
Q111	20%
Q411	10%

Sales	
Q112	SEK 27.3 b
Y/Y	-18%
Q/Q	-18%

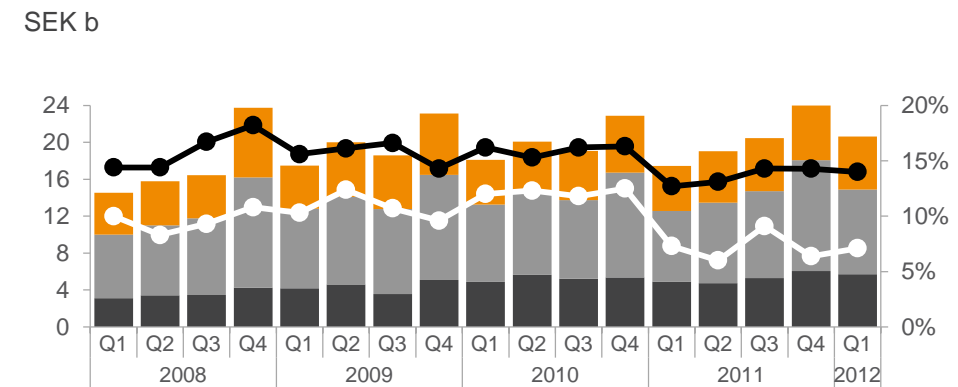
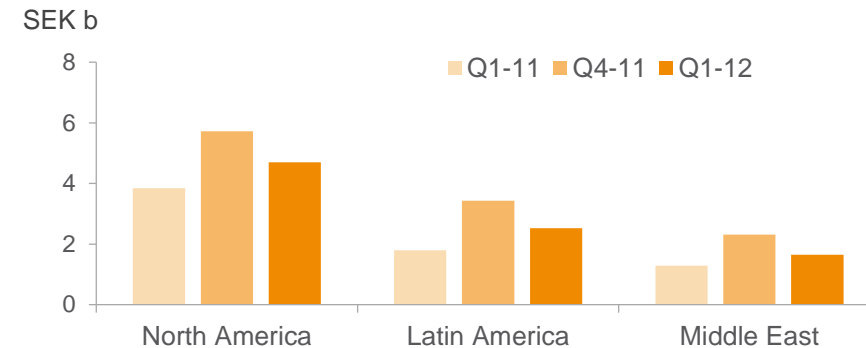
■ Networks sales
● Networks EBITA

GLOBAL SERVICES



- › Organic FX adjusted sales +14% YoY
 - Growth YoY in all regions except Sub-Saharan Africa and India
- › Professional Services +18% YoY – continued good momentum
 - Mainly driven by consulting and systems integration
 - Growth driven by data usage, network and IT environments and operator focus on service quality
- › Managed Services +16% YoY
 - Reflecting 23 new contracts in Q411
 - 9 managed services contracts signed in Q1
- › Network Rollout +18% YoY
 - Driven by high volumes of network modernization in Europe and coverage projects in other regions

- › EBITA margin 7% (7%)
 - Improved profitability in Professional Services
 - Negative impact from Network Rollout
 - Impact from restructuring charges 2%-points Q112



Global Services EBITA margin Q112 7% Q111 7% Q411 6%	Sales Q112 SEK 20.6 b Y/Y +18% Q/Q -24%	Network Rollout
		Professional Services excl. Managed Services
		Managed Services
		Global Services EBITA
		Professional Services EBITA

Numbers 2011-2012 include restructuring charges, numbers 2008-2010 exclude restructuring charges

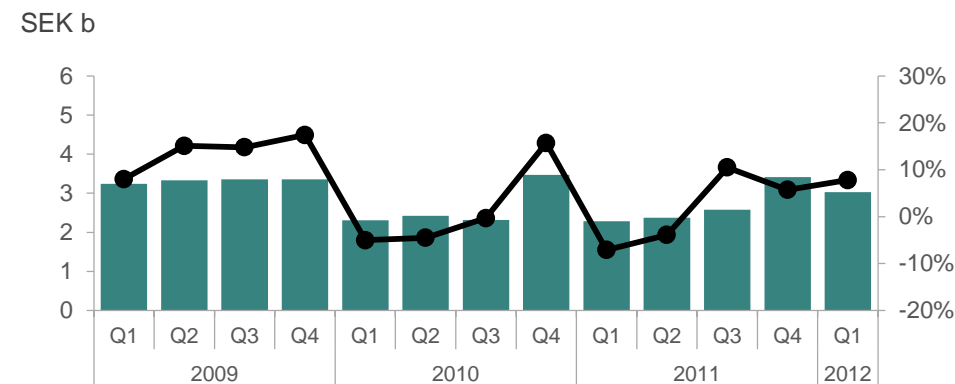
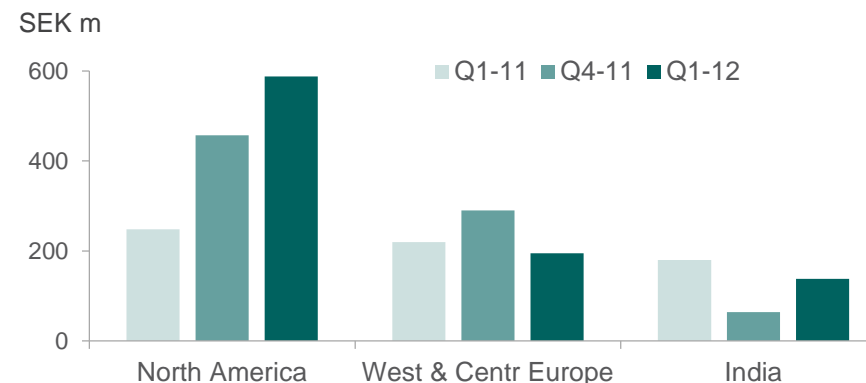
SUPPORT SOLUTIONS



- › Organic FX adjusted sales +12% YoY
 - Good development in TV and multimedia brokering (IPX)
 - OSS sales flat
 - BSS sales had slow quarter, mainly related to India

- › Telcordia integration according to plan

- › EBITA margin increased to 8% (-7%)
 - Increased volumes and cost efficiencies



<p>EBITA margin</p> <p>Q112 8%</p> <p>Q111 -7%</p> <p>4Q11 6%</p>	<p>Sales</p> <p>Q112 SEK 3.0 b</p> <p>Y/Y +33%</p> <p>Q/Q -11%</p>	<p>█ Support Solutions sales</p> <p>● Support Solutions EBITA</p>
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Q1 REGIONAL SALES



North America

- › HSPA capacity sales and 4G/LTE more than offset CDMA decline
- › Services increased YoY driven by market share gains and high level of project executions

Q112 SEK 12.8 b
Y/Y -3%
Q/Q +14%

Mediterranean

- › Cautious operator spending
- › Network modernization projects continued to be deployed
- › Services grew YoY, managed services in Italy and systems integration in Spain.

Q112 SEK 4.6 b
Y/Y -4%
Q/Q -44%

China and North East Asia

- › YoY increase driven by continued data traffic growth in Japan and Korea
- › QoQ decline due to seasonality
- › Increased LTE coverage deployments in some key markets

Q112 SEK 9.2 b
Y/Y +6%
Q/Q -16%

Latin America

- › YoY increase driven by network rollout and system integration
- › Networks growth YoY due to investments in mobile broadband coverage, but also 2G

Q112 SEK 4.8 b
Y/Y +20%
Q/Q -31%

Middle East

- › YoY growth driven by strong sales in Saudi Arabia
- › Political unrest still impacting
- › Strong services growth, managed services and systems integration

Q112 SEK 3.2 b
Y/Y +3%
Q/Q -39%

South East Asia and Oceania

- › Networks grew YoY driven by NBN LTE deployment in Australia
- › Services negatively impacted by operator consolidation.

Q112 SEK 3.4 b
Y/Y +9%
Q/Q -16%

Northern Europe and Central Asia

- › Networks down YoY mainly due to continued slower investments in Russia
- › Services increased YoY, new managed services contracts.

Q112 SEK 2.3 b
Y/Y -32%
Q/Q -39%

Sub-Saharan Africa

- › Sales were down YoY despite growth in Networks
- › Mobile broadband in some markets, 2G still the driver

Q112 SEK 2.2 b
Y/Y -1%
Q/Q -32%

Western and Central Europe

- › Cautious operator spending, partly offset by network modernization projects
- › New managed services business

Q112 SEK 4.3 b
Y/Y -10%
Q/Q -18%

India

- › Continued regulatory uncertainty
- › Growing managed services business
- › Support Solutions grew QoQ due to Telcordia acquisition

Q112 SEK 1.4 b
Y/Y -55%
Q/Q -7%

Other

- › Licensing revenues showed stable development YoY
- › Multimedia brokering (IPX) now in Other, previously in each region

Q112 SEK 2.9 b
Y/Y +9%
Q/Q -14%

All comments refer to sequential development



JAN FRYKHAMMAR

CFO and Executive Vice President

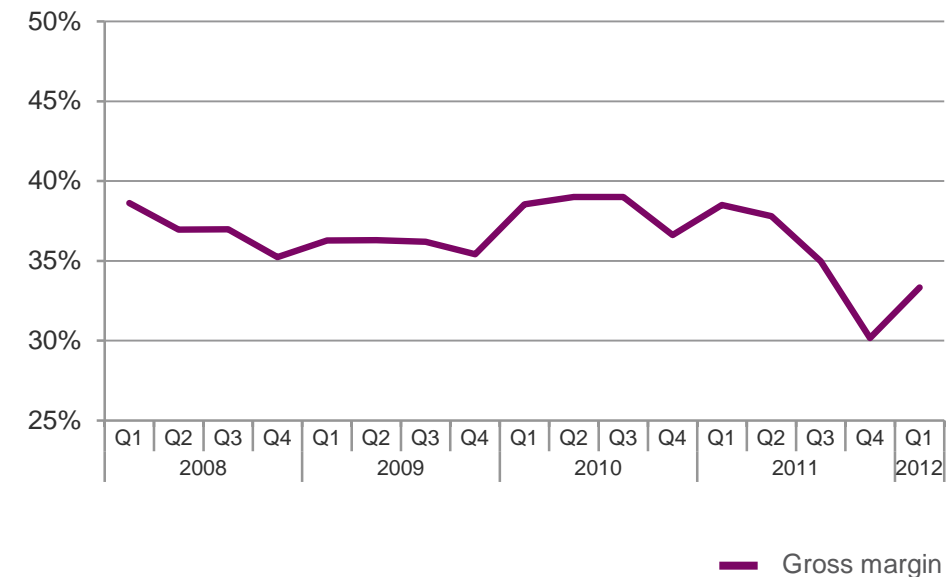
P/L COMMENTS

- › Gross margin improved QoQ
 - Q4 typically lowest quarter
 - Positive effects from mobile broadband capacity investments
 - Lower Global Services share
- › Underlying business mix unchanged
 - Higher share of coverage and network modernization projects than capacity projects
 - Expected to prevail short-term
- › Strategic decision in 2010 to increase market share in Europe
 - Modernization of existing networks
 - Gradual impact on gross margin, full impact Q411
 - Average project duration expected to be 18-24 months
- › Restructuring charges SEK 0.6 (0.4) b
 - As previously communicated restructuring charges SEK ~4 b FY12
 - Efficiency activities ongoing, expected to be evenly executed during the year



Business mix key to gross margin dynamics

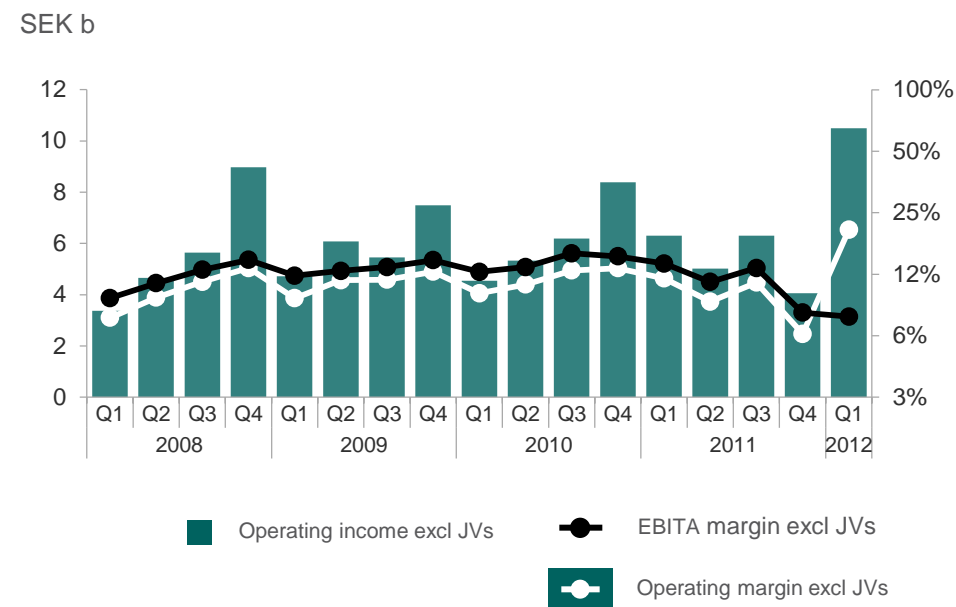
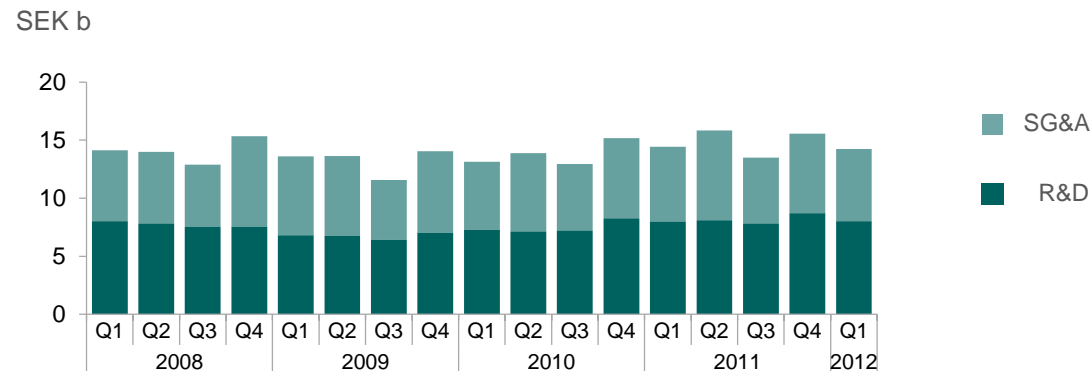
Drivers



P/L COMMENTS



- › Operating expenses SEK 14.2 (14.4) b
 - Impacted by added OPEX from acquired Telcordia
 - Underlying OPEX reductions progressing well
- › R&D SEK 8.0 (8.0)
 - Declined QoQ from SEK 8.7 b
 - FY12 R&D expenses expected at SEK 29-31 b
 - Run rate reduced gradually
- › Sales, general & administration (SG&A) SEK 6.2 (6.4) b
 - Declined QoQ from SEK 6.8 b
 - 12% (12%) of total sales
- › Operating margin (excl. JVs and Sony Ericsson gain) 5.5% (11.9%)
 - Other operating income and expenses includes gain from Sony Ericsson divestment of SEK 7.7 b
 - Impact from lower Networks sales and lower gross margin



ST-ERICSSON



› New strategic direction

- Focused on modems and ModAp platforms
- Partnership with STMicroelectronics for application processors
- Accelerating time-to-market
- Lower break-even point

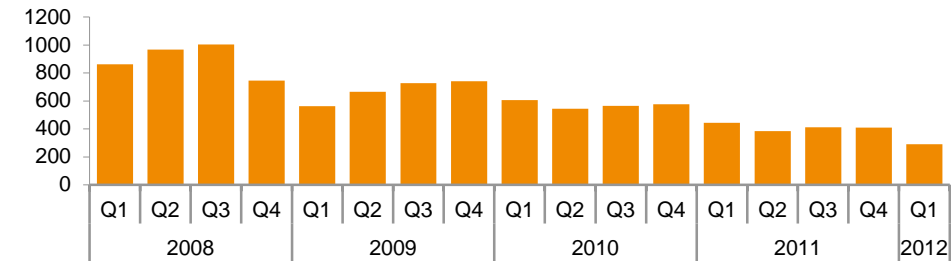
› Ericsson share in ST-Ericsson earnings

- SEK -1.4 (-0.6) b
- New strategic direction results in R&D asset charge of SEK 0.6 b related to product reassessment according to IFRS
- Ericsson's share of R&D charge SEK 0.3 b

› ST-Ericsson operational loss USD -297 m

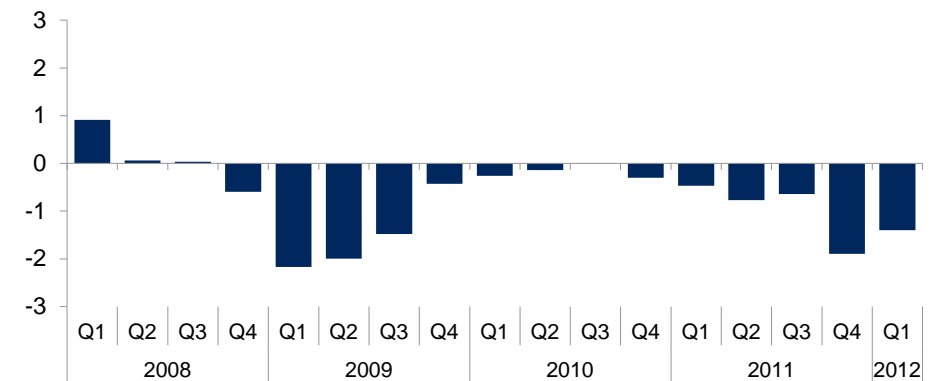
ST-Ericsson sales

Sales
USD m



Ericsson's share in JV earnings

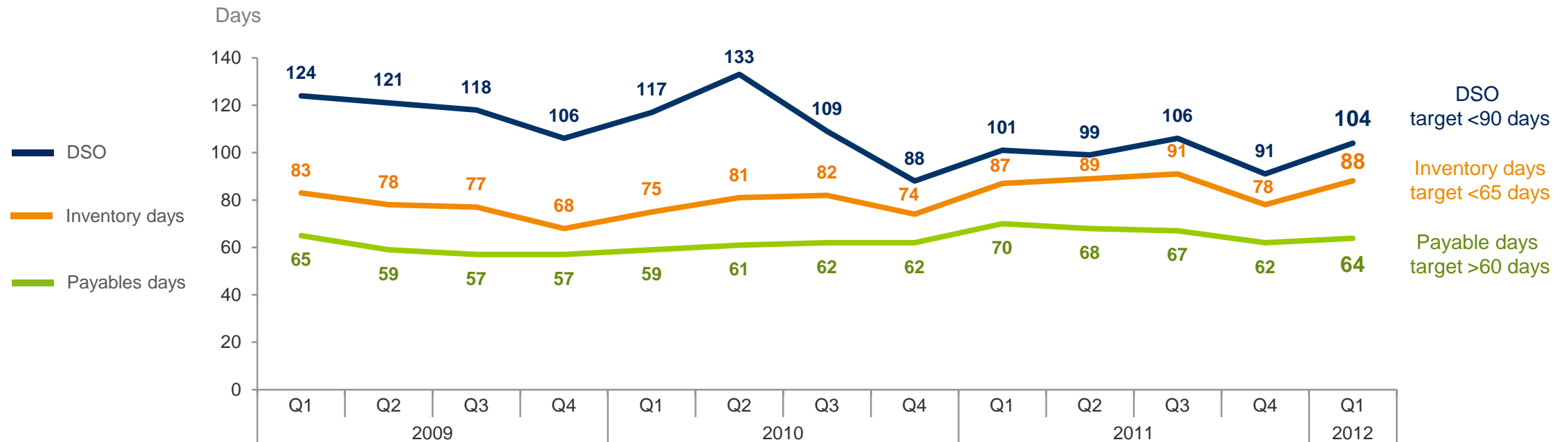
SEK b



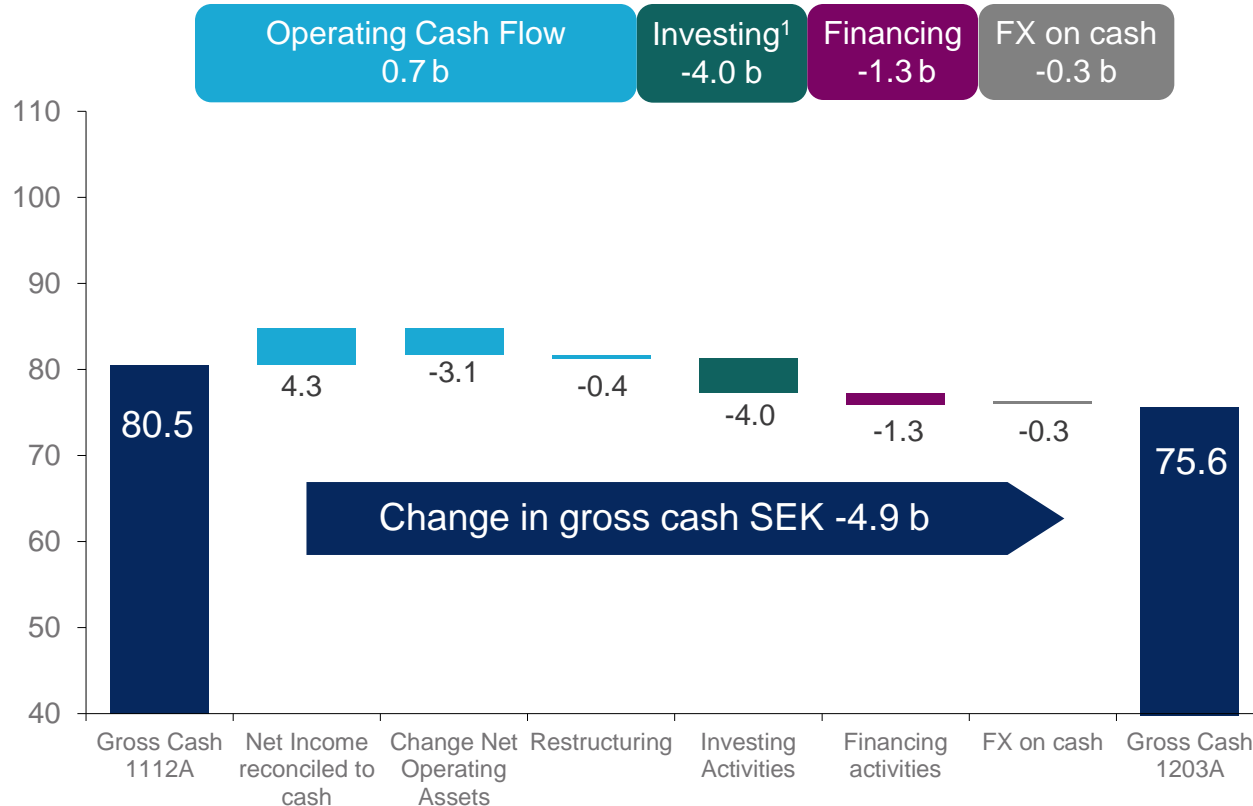
BALANCE SHEET COMMENTS



- › Trade receivables decreased QoQ to SEK 60.7 (64.5) b
 - DSO 104, up 13 days QoQ due to seasonally lower volumes
- › Customer financing
 - SEK 3.9 (4.2) b, SEK 4.2 b in Q111
- › Inventory decreased QoQ to 32.5 (33.1) b
 - ITO increased to 88 days reflecting higher share of projects
 - Compared to Q111 ITO increased 1 day
- › Provisions reduced mainly due to utilization of restructuring charges



CASH FLOW Q112



Change in net cash SEK -2.4 b
from SEK 39.5 to 37.1 b

¹ Excluding Short-term investments

- › Cash flow from operations SEK 0.7 (-2.9) b.
- › Cash conversion 17%. FY12 target >70%
- › Net effect of SEK -1.7 b. from:
 - Divestment of Sony Ericsson,
 - Acquisitions of Telcordia and BelAir
 - Increased share of LG-Ericsson
- › Employee contribution to pension trust of SEK 1.0 b.
- › Proposed dividend of SEK 8.2 (7.4) b. in total
- › Record day for dividend payment May 8



Strategy execution

Cost and efficiency

Technology and services
leadership



ERICSSON



Q&A

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