



FOURTH QUARTER 2012

January 31, 2013



HELENA NORRMAN

Senior Vice President Communications

FOURTH QUARTER 2012

January 31, 2013

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 DEVELOPMENTS 2012

- › Mass market adoption of smartphones
- › Focus on high performance mobile broadband networks and efficiency
- › Broad introduction of LTE
 - Also drives demand for HSPA
- › Macroeconomic and political uncertainty continued in certain regions

- › Total mobile subscriptions 6.3 b, +9%
- › Mobile broadband subscriptions 1.5 b, +50%
- › 40% of phones shipped in Q4 were smartphones



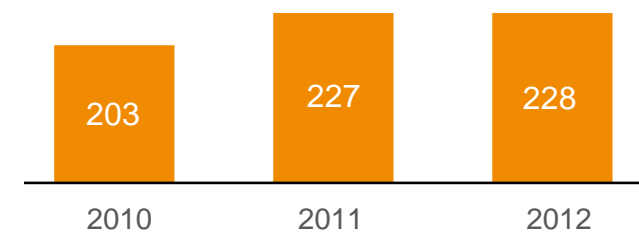
ERICSSON IN 2012

- › Strong growth in Global Services and Support Solutions
- › Challenging year for Networks, CDMA declined 40%
- › Important LTE wins with high market share
- › New strategies for Support Solutions, IPRs
- › Selective acquisitions and divestments to streamline portfolio and fill gaps in areas of portfolio momentum
 - Sony Ericsson divested
- › Net income negatively impacted by
 - ST-Ericsson
 - Business mix with higher share of coverage projects than capacity projects
 - European modernization projects
- › EPS Non-IFRS¹ SEK 3.55 (5.54)
- › Cash conversion strong, above target
- › Strong balance sheet

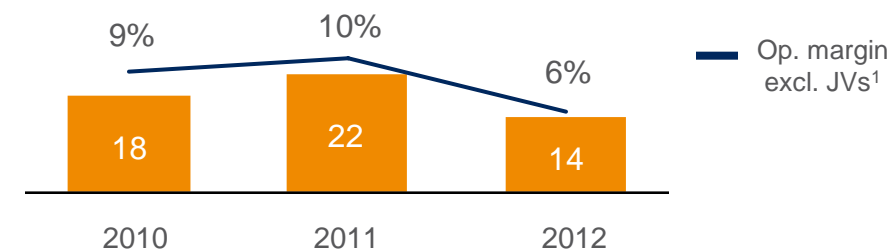
¹EPS Non-IFRS, diluted, excl. amortizations, write-downs of acquired intangible assets and restructuring



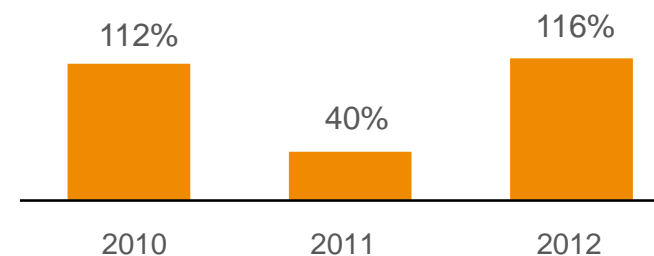
Net sales SEK b.



Operating income SEK b. excl. JVs¹



Cash conversion



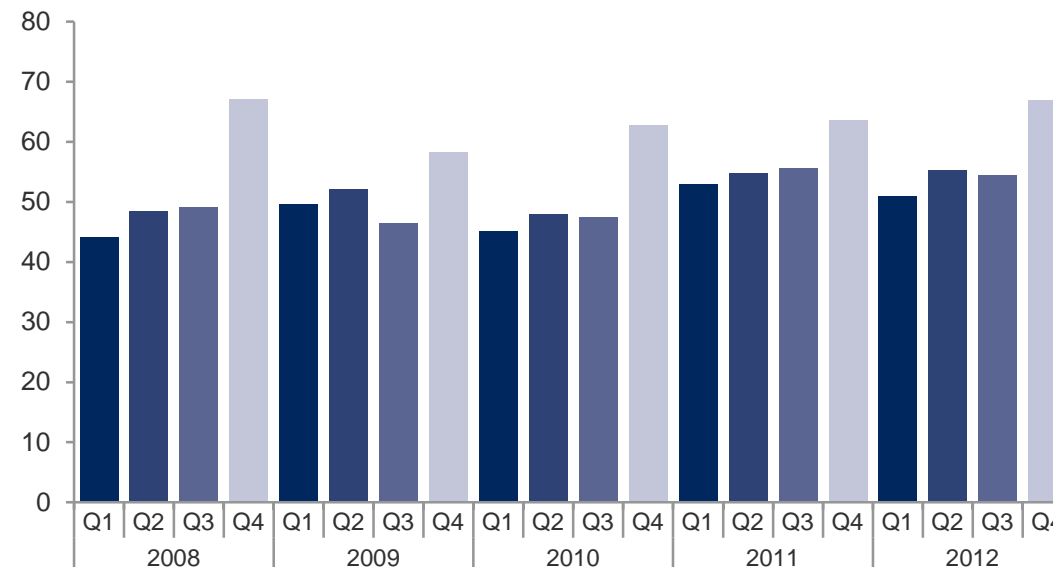
Note: ¹Excludes gain of SEK 7.7 b. from divestment of Sony Ericsson.

NET SALES Q4



- › Sales +5% YoY,
 - Growth in all segments
 - 5 of 10 regions show growth
- › Sales +23% QoQ
 - Networks recovered, up +31% QoQ
 - Stable sales for Global Services and Support Solutions
- › North America strong
 - CDMA continued to decline YoY but temporary capacity needs in Q4 - will continue to decline

SEK b



Net sales

Q412 SEK 66.9 b
Y/Y +5%
Q/Q +23%

Organic and FX adjusted

Q412/Q411 +5%

PROFITABILITY Q4

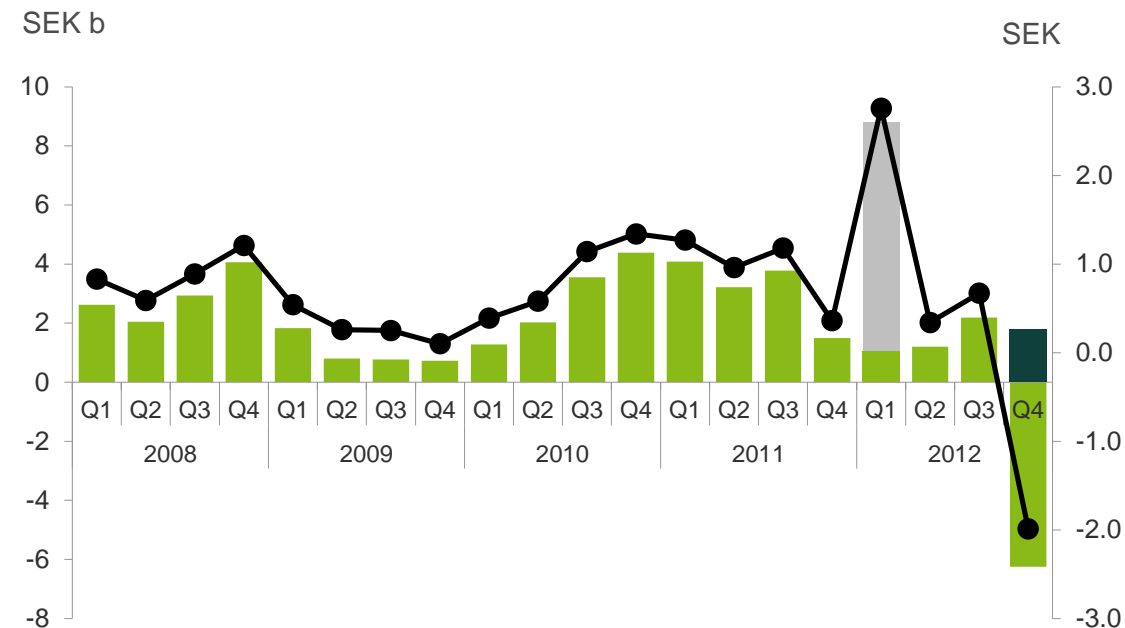


› Net income declined

- Gross margin increased to 31.1% (30.2%)
- Operating margin excl. JV increased to 7.1% (6.4%), negative impact from restructuring -3%-points (-1%)
- ST-Ericsson charge of SEK -8.0 b.
- Negative tax impact

› EPS diluted SEK -1.99 (0.36).

› EPS Non-IFRS¹ and excl. ST-Ericsson charge SEK 1.07 (0.81)



Net income

Q412	SEK -6.3 b
Y/Y	-
Q/Q	-
2011	SEK 12.6 b
2012	SEK 5.9 b

- Net income
- EPS, diluted
- Net income incl. divestment of Sony Ericsson
- Net income excl. ST-Ericsson charge

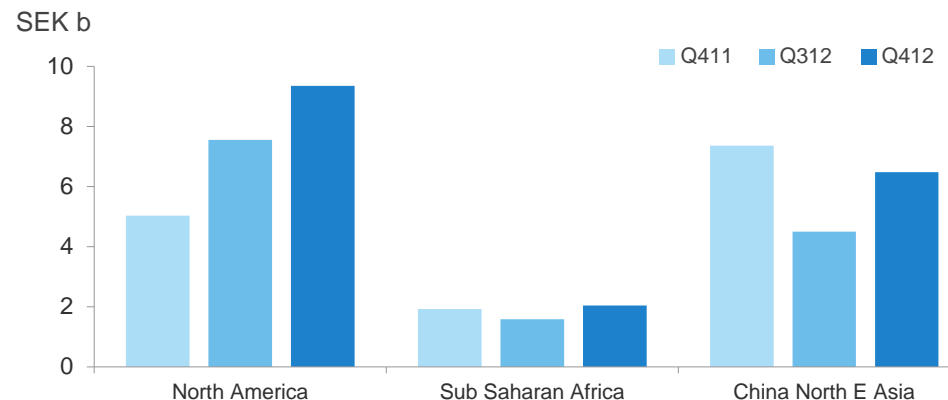
¹EPS Non-IFRS, diluted, excl. amortizations, write-downs of acquired intangible assets and restructuring

NETWORKS

- › Q4 sales +6% YoY
 - Organic FX Adjusted Sales +9% YoY
 - High year end business activity in North America and Japan
 - CDMA equipment sales -18% YoY
 - Continued decline in GSM sales in China
- › Sales in Q4, +31% QoQ
 - CDMA, +58%, temporary capacity needs
 - 3G sales in China and LTE sales in South Korea up
- › Q4 Operating margin 8% (8%)
 - Positive impact from higher sales
 - Negative impact from restructuring
 - QoQ improvement from higher sales including temporary CDMA capacity business
- › 2012 Full Year
 - Challenging year, both sales and profitability



Net sales



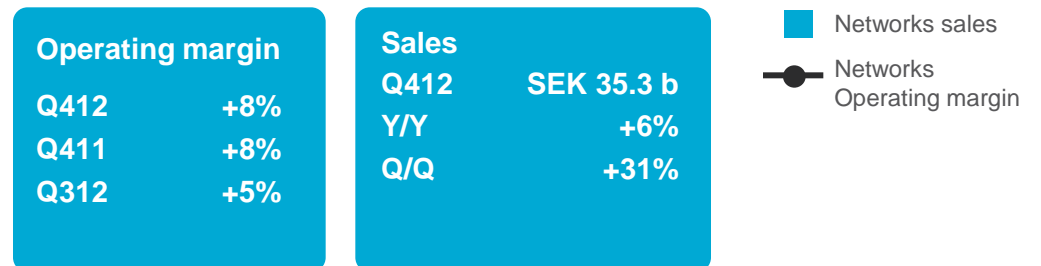
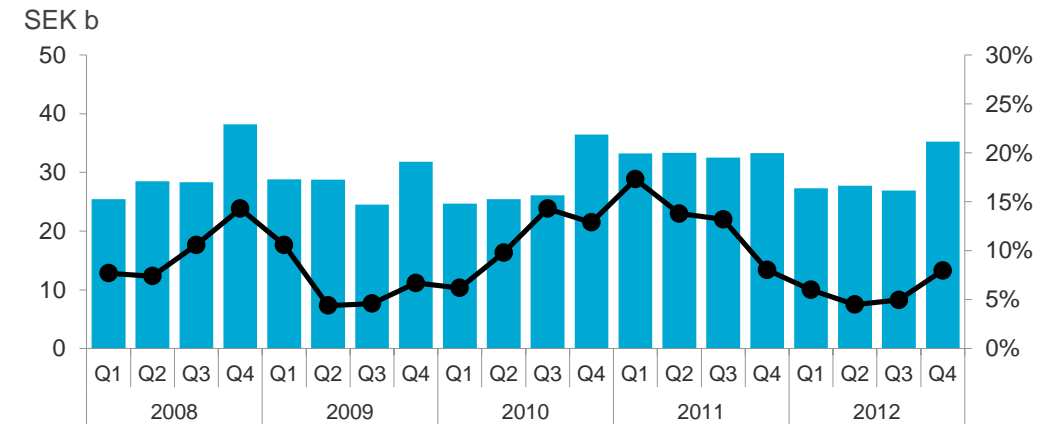
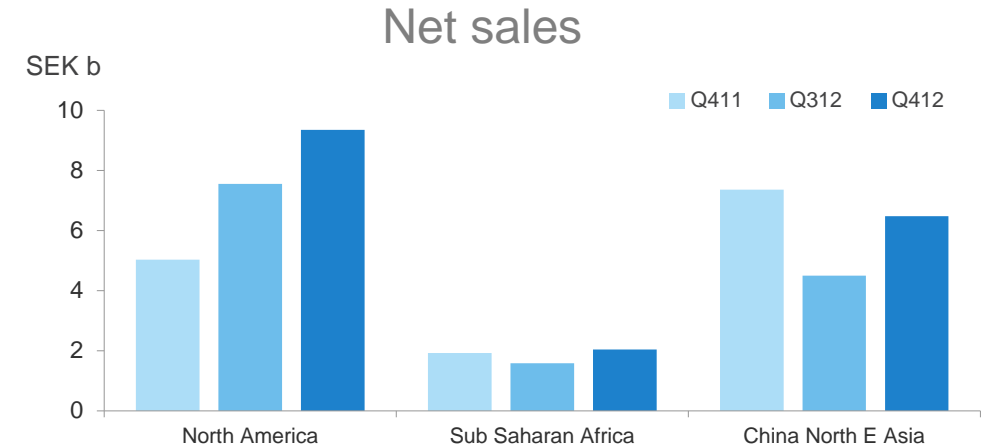
Operating margin		Sales	
Q412	+8%	Q412	SEK 35.3 b
Q411	+8%	Y/Y	+6%
Q312	+5%	Q/Q	+31%

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

NETWORKS Q4



- › Leading position in Packet Core drives demand for SSR
 - 19 new contracts signed in Q4, 39 to date
- › Regained traction for microwave transport
- › Recent wins in Latin America reconfirm our leading position in LTE
- › World's first commercially deployed converged multistandard radio base station for LTE FDD/TDD
- › Voice over LTE (VOLTE) drives IMS sales
- › Continued focus on profitability

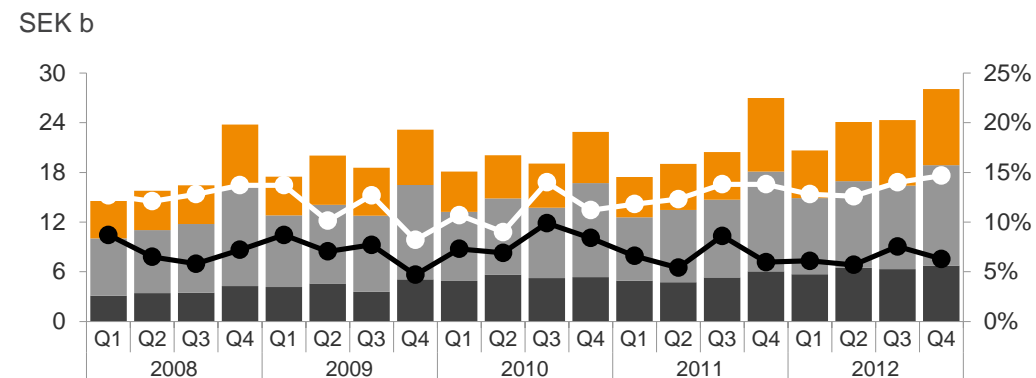
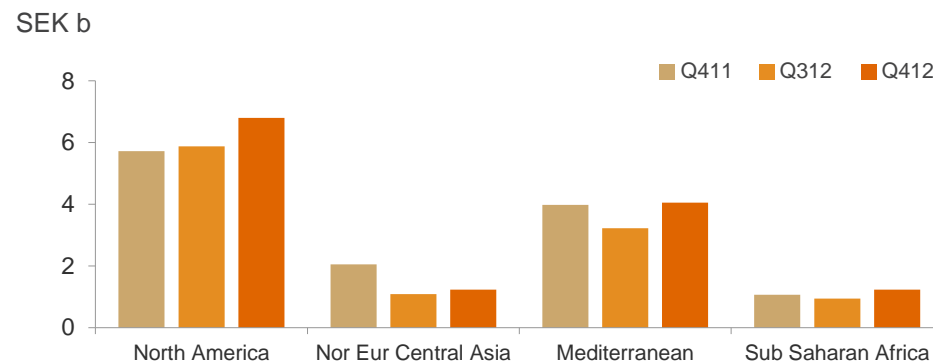


GLOBAL SERVICES



- › Q4 sales +4% YoY
 - Organic and FX adjusted sales +4% YoY
 - Sales +15% QoQ
- › Professional Services sales +4% YoY
 - Growth in Managed Services and Consulting & System Integration
 - Demand driven by operators' focus on operational efficiencies and reduced cost
- › Managed Services sales +12% YoY
 - 15 new contracts signed
- › Network Rollout sales +3% YoY
 - High project activity
- › 2012 Full Year sales
 - Organic and FX adjusted +12%
 - Professional Services +14%
 - › Managed Services +20%
 - Network rollout +20%

Net sales



<p>Global Services Operating margin</p> <p>Q412 +6%</p> <p>Q411 +6%</p> <p>Q312 +8%</p>	<p>Sales Q412 SEK 28.0 b</p> <p>Y/Y +4%</p> <p>Q/Q +15%</p>	<ul style="list-style-type: none"> ■ Network Rollout sales ■ Professional Services sales excl. Managed Services sales ■ Managed Services sales ○ Professional Services Operating margin ● Global Services Operating margin
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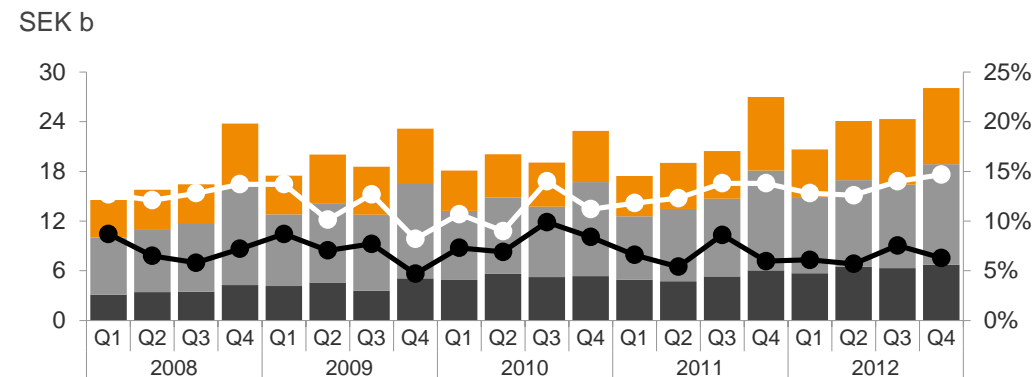
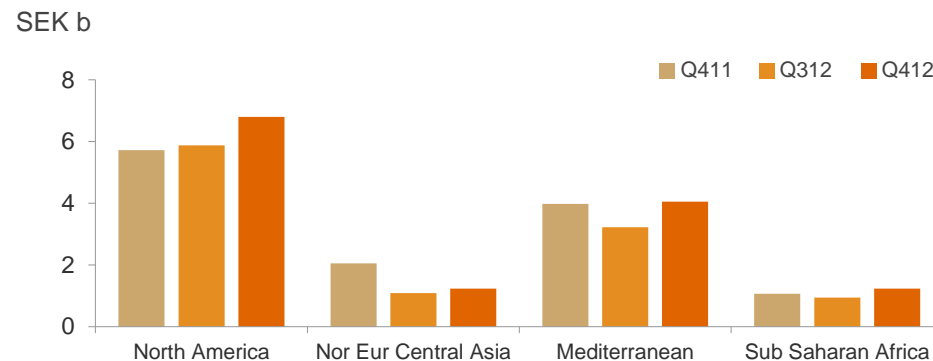
Numbers 2011-2012 include restructuring charges, numbers 2008-2010 exclude restructuring charges

GLOBAL SERVICES



- › Q4 Operating margin 6% (6%)
 - QoQ decrease from 8% due to higher share Network rollout
- › Q4 Professional Services operating margin 15% (14%)
 - Improved both YoY and QoQ due to increased sales and efficiency improvements
- › Q4 Network Rollout operating margin -11% (-10%)
 - QoQ decline from -6% due to network modernization projects in Europe and coverage projects
- › 2012 Full Year
 - Operating margin declined to 6% (7%). European modernization projects impacted Network Rollout negatively
 - Professional services Operating margin improved to 14% (13%) from increased sales and efficiency improvements

Net sales



Global Services Operating margin		
Q412	+6%	
Q411	+6%	
Q312	+8%	
Sales Q412		SEK 28.0 b
Y/Y		+4%
Q/Q		+15%

- Network Rollout sales
- Professional Services sales excl. Managed Services sales
- Managed Services sales
- ▬ Professional Services Operating margin
- ▬ Global Services Operating margin

SUPPORT SOLUTIONS



› Q4 sales +6% YoY

- Organic FX Adjusted sales +4% YoY
- Telcordia added sales of SEK 0.6 b.
- IPX divested. IPX sales Q411 SEK 0.4 b.
- Organic FX Adjusted sales +21% QoQ

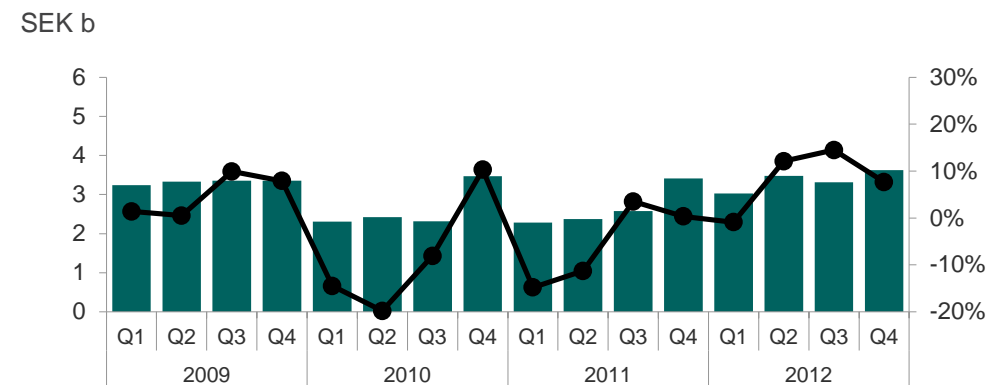
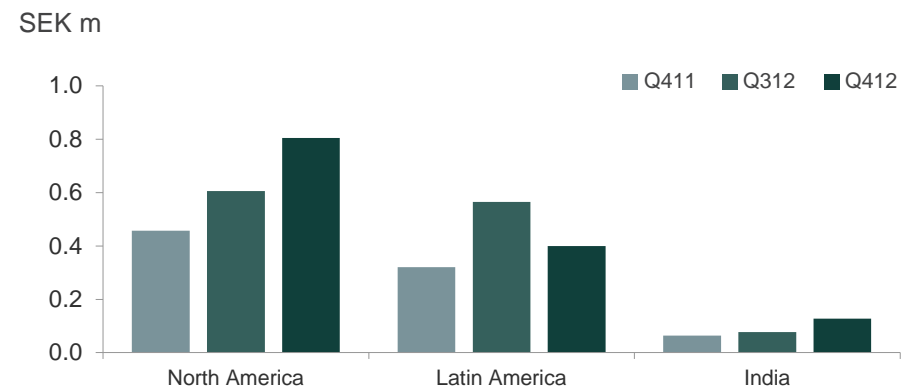
› Q4 Operating margin 8% (0%)

- Portfolio streamlining and efficiencies
- Operating margin decline from 14% QoQ due to higher restructuring charges and a gain in Q312 of SEK 0.2 b related to the divestment of IPX.

› 2012 Full Year

- From losses 2011 into profitability
- Increased sales and execution on new strategy
- Demand for OSS/BSS continued to be strong driven by operators focus to improve efficiency and adapt to mobile broadband business requirements
- Continued focus from customers on Media Delivery Solutions

Net sales



Operating margin
Q412 +8%
Q411 0%
Q312 14%

Sales
Q412 SEK 3.6 b
Y/Y +6%
Q/Q +9%

■ Support Solutions sales
 ● Support Solutions Operating margin

Q4 REGIONAL SALES



North America

- › Continued high activity levels in coverage projects → All segments grew YoY and QoQ
- › CDMA continued to wind down, but at a slower pace due to temporary capacity needs

2012	SEK 56.7 b
Y/Y	+16%
Q412	SEK 17.0 b
Y/Y	+51%
Q/Q	+21%

Mediterranean

- › YoY decline driven by current market and macro economic conditions
- › Modernization projects progressing according to plan
- › Q/Q improvement driven by growth in all segments

2012	SEK 23.3 b
Y/Y	-2%
Q412	SEK 7.1 b
Y/Y	-14%
Q/Q	+31%

China and North East Asia

- › Continued Y/Y decline related to lower GSM sales in China and transition to LTE in South Korea
- › Services growth driven mainly by turn key projects in Japan
- › Q/Q Networks grew, driven by LTE expansions in Japan and South Korea as well as 3G expansions in China

2012	SEK 36.2 b
Y/Y	-5%
Q412	SEK 10.2 b
Y/Y	-6%
Q/Q	+22%

Latin America

- › Networks and Global Services business slowed down Y/Y due to low initial LTE deployment
- › Services Q/Q growth from Managed Services and Systems Integration.
- › Q/Q increase in Networks driven by 3G.

2012	SEK 22.0 b
Y/Y	0%
Q412	SEK 6.5 b
Y/Y	-7%
Q/Q	+20%

Middle East

- › Networks returned to growth after several slow quarters
- › Managed Services showed good growth in the quarter

2012	SEK 15.6 b
Y/Y	+1%
Q412	SEK 5.1 b
Y/Y	-3%
Q/Q	+39%

South East Asia and Oceania

- › Continued momentum for data traffic drew positive development Y/Y and Q/Q particularly in Indonesia
- › Global Services sales driven by network deployments in Australia

2012	SEK 15.1 b
Y/Y	+9%
Q412	SEK 4.5 b
Y/Y	+13%
Q/Q	+29%

Northern Europe and Central Asia

- › Continued low investment levels in Russia → Networks flat Y/Y and Q/Q
- › Services Q/Q growth driven by Systems Integration
- › Support Solutions grew both Y/Y and Q/Q

2012	SEK 11.3 b
Y/Y	-25%
Q412	SEK 3.0 b
Y/Y	-21%
Q/Q	+11%

Sub-Saharan Africa

- › Y/Y increase driven by operator investments in Nigeria and South Africa
- › 3G is increasing, majority of sales is 2G
- › 3 LTE networks launched in southern Africa

2012	SEK 11.3 b
Y/Y	+12%
Q412	SEK 3.6 b
Y/Y	+11%
Q/Q	+27%

Western and Central Europe

- › Q/Q growth in Networks driven by high project activity and ongoing modernization projects
- › Global Services and Support Solutions sales driven by OSS/BSS and Systems integration.

2012	SEK 17.5 b
Y/Y	-8%
Q412	SEK 5.4 b
Y/Y	+3%
Q/Q	+50%

India

- › Continued low activity levels, operator investments only in certain areas.
- › Data traffic grow from a low base as tablets and smartphones become more affordable

2012	SEK 6.5 b
Y/Y	-34%
Q412	SEK 1.6 b
Y/Y	+5%
Q/Q	-8%

Other

- › Licencing revenues showed stable development. Sales full year 2012 increased to SEK 6.6 (6.2) b.
- › IPX divested end of Q3 2012
- › The acquired Technicolor business contributed positively to sales

2012	SEK 12.3 b
Y/Y	+15%
Q412	SEK 3.0 b
Y/Y	-10%
Q/Q	-10%



JAN FRYKHAMMAR

CFO and Executive Vice President

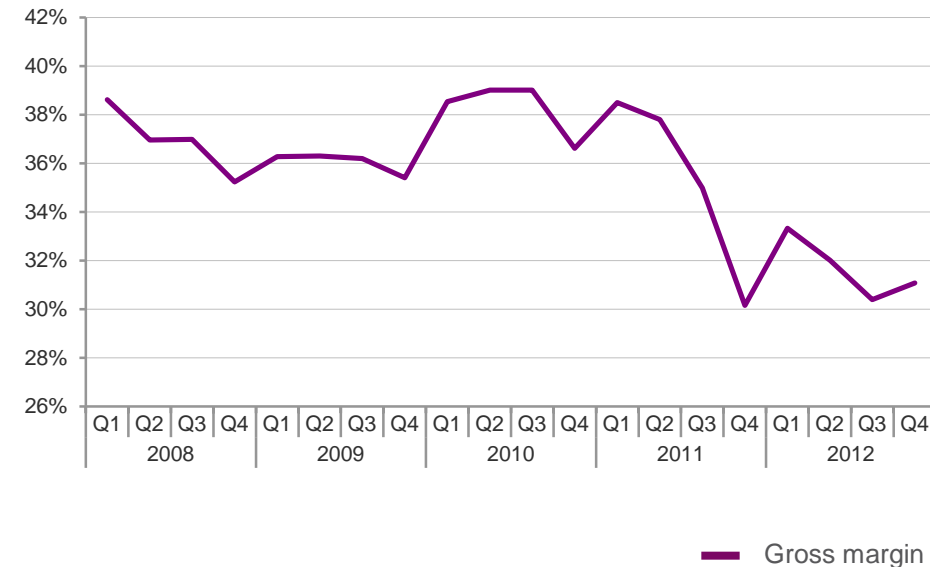
P/L COMMENTS

- › Gross Margin improved QoQ to 31.1% from 30.4%.
 - Increased software share and lower global services share
 - Temporary CDMA capacity business
- › European modernization projects
 - The negative impact will continue to gradually decline during 2013
- › Underlying business mix
 - Expected to shift towards more capacity business in the second half of 2013



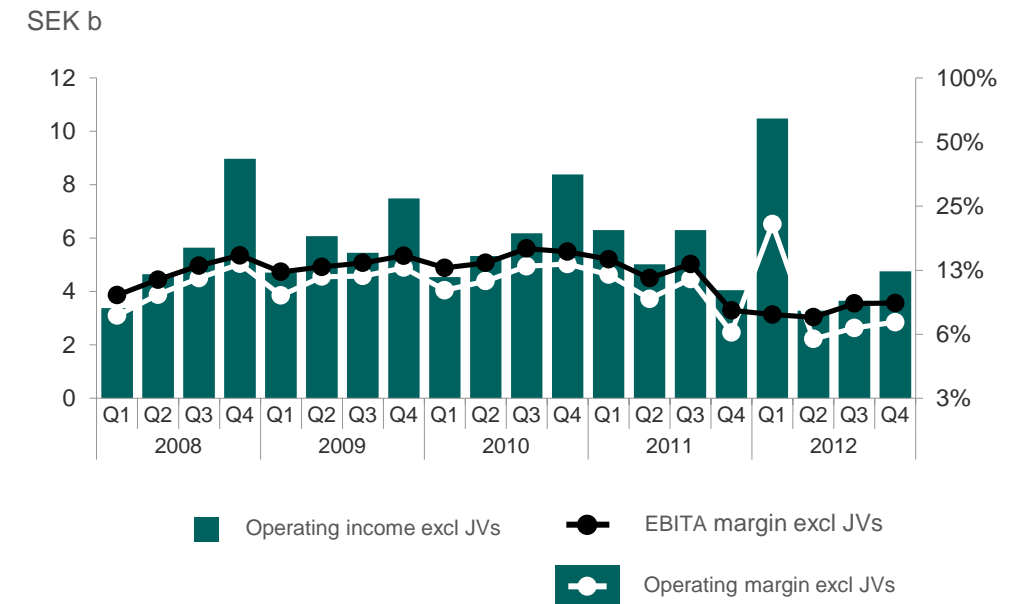
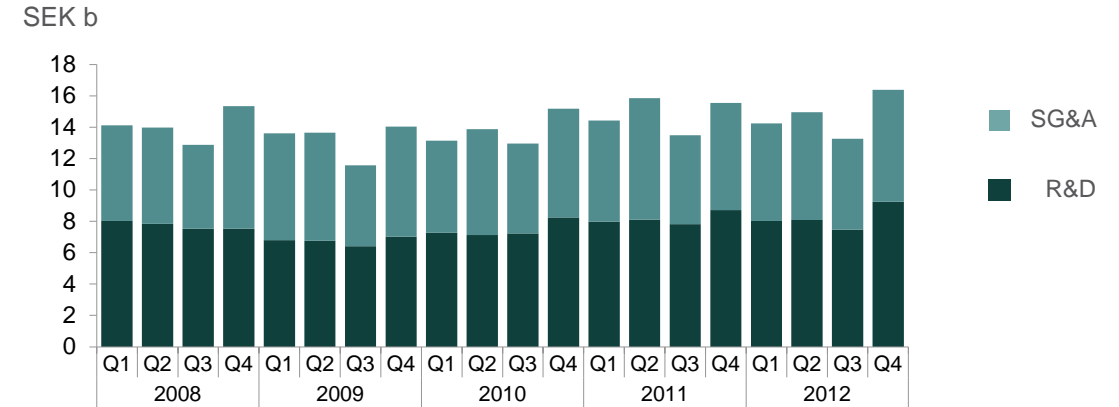
Business mix key to gross margin dynamics

Drivers



P/L COMMENTS

- › Q4 Operating expenses SEK 16.4 (15.6) b.
 - Increased restructuring charges
 - Excluding acquisitions and restructuring charges reduced by -3% YoY
 - With current portfolio, R&D expenses 2013 are expected to decrease somewhat
- › Restructuring charges SEK 1.7 (0.7) b., excl. JVs
 - Full year 2012 SEK 3.4 (3.2) b.
 - Impact from redundancy process in Sweden anticipated in Q1 2013
- › Operating margin excl JV 7.1% (6.4%)
 - Increased Networks sales
 - Negative impact from restructuring charges
 - QoQ improvement from 6.7% due to higher Networks sales and improved gross margin
- › Taxes
 - Non tax deductible ST-Ericsson charge
 - Decreased corporate tax in Sweden
 - Market mix

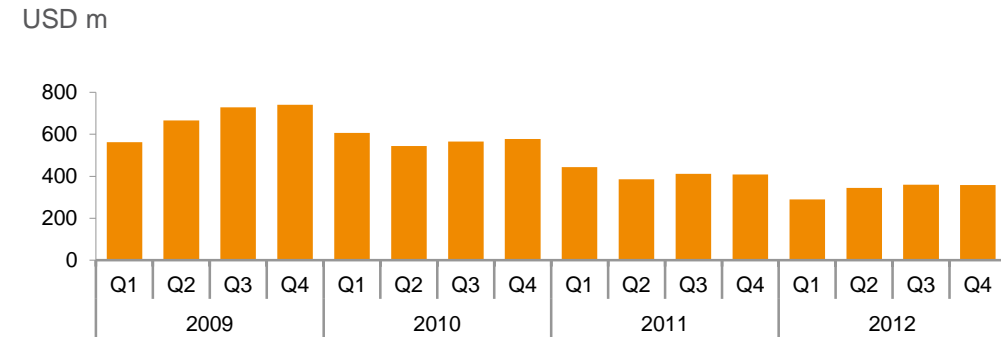


ST-ERICSSON Q4

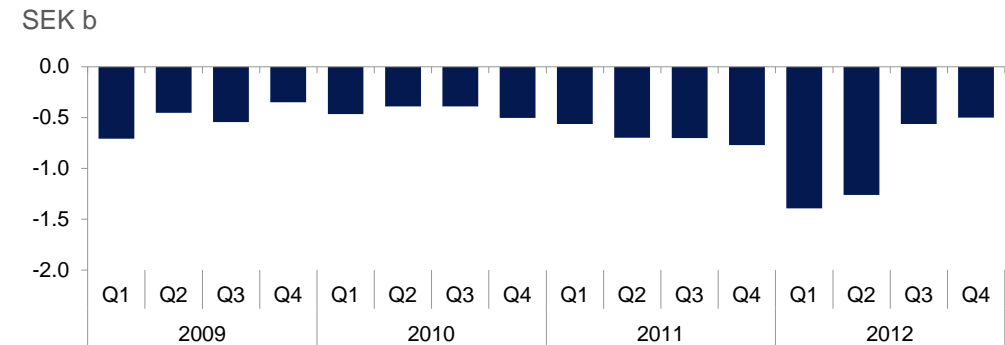
- › Ericsson share of ST-Ericsson result SEK -8.5 (-0.8) b.
 - Write down of investments to reflect fair market value SEK -4.7 b.
 - Provisions related to the strategic options at hand SEK -3.3 b.
 - ST-Ericsson operating loss SEK -0.5 b.
- › No remaining ST-Ericsson investments (Dec 31 2012) on Ericsson balance sheet
- › Cost and cash related to strategic options at hand will be booked against provision
- › Modem technology of strategic value to wireless industry



ST-Ericsson sales



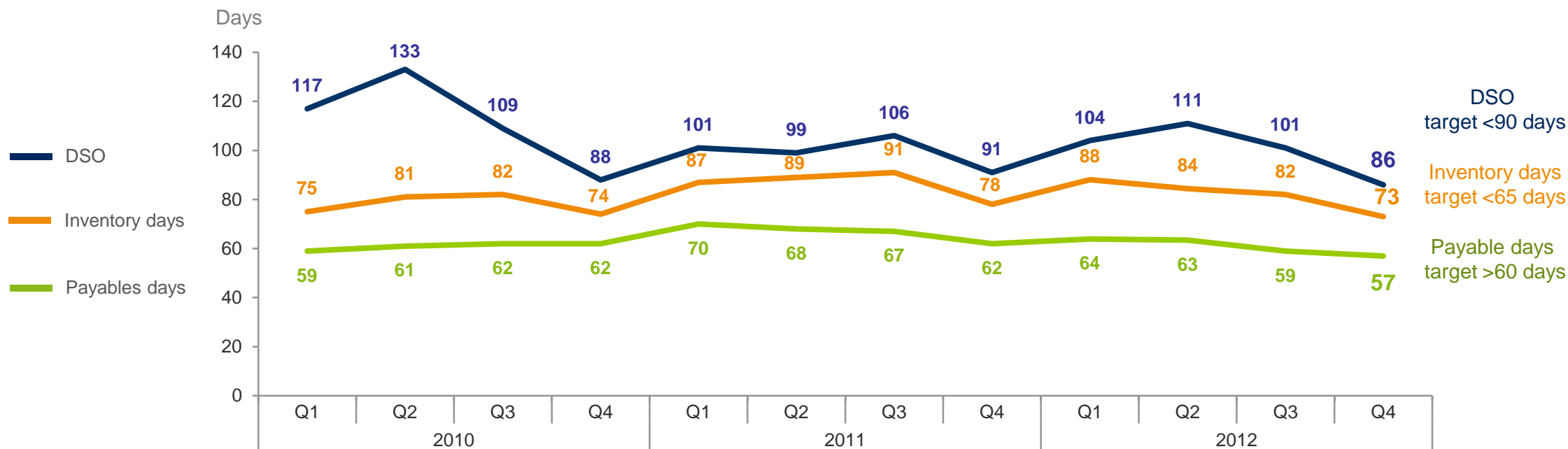
Ericsson's share in ST-Ericsson earnings



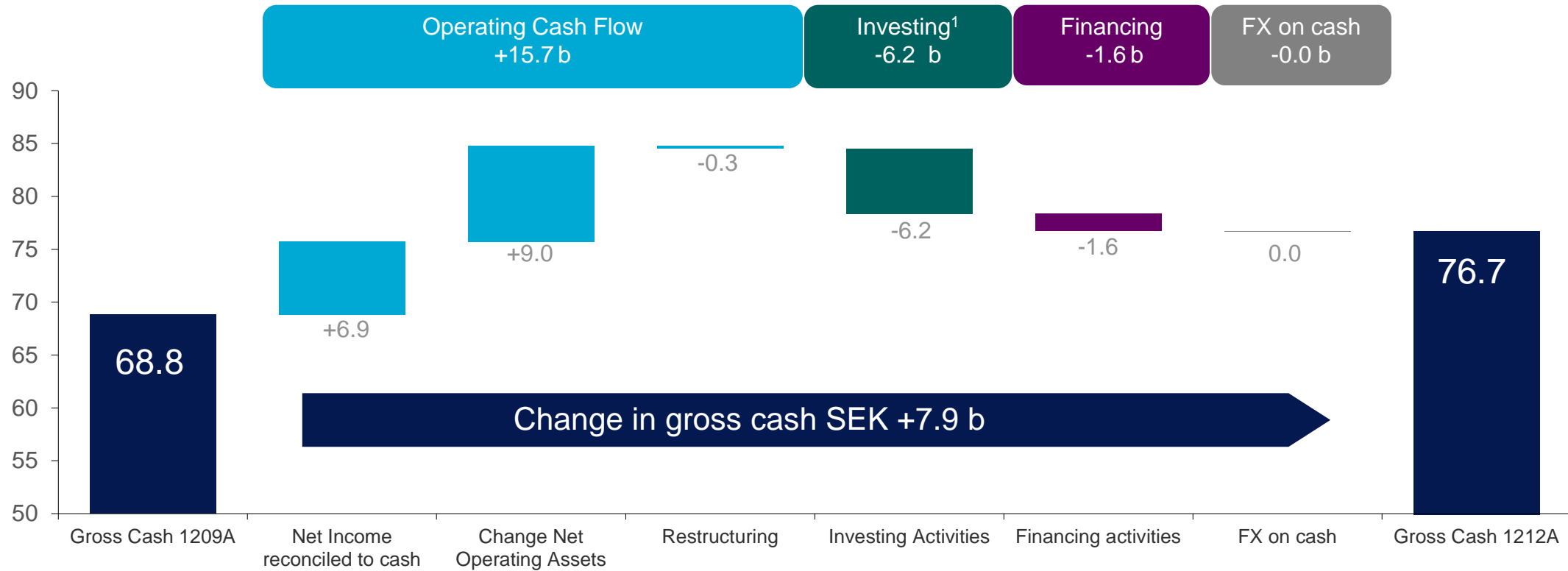
BALANCE SHEET COMMENTS



- › Trade receivables increased QoQ to SEK 63.7 (61.6) b,
 - Driven by strong sales
 - Partly offset by good collections
 - DSO improved 5 days YoY to 86 days
- › Customer financing
 - SEK 5.3 (4.0) b, increased compared to SEK 4.2 b. Q411
- › Inventory decreased QoQ to SEK 28.8 (32.4) b,
 - Positively impacted by higher sales
 - ITO improved from 82 to 73 days QoQ
- › Order to cash program launched to reduce working capital
- › Payable days declined to 57 from 59 days QoQ.
- › Provisions increased by SEK 3.4 b. QoQ, most related to ST-Ericsson.



CHANGE IN GROSS CASH Q412



Change in net cash +9.6 b SEK (from 29.0 to 38.5 b SEK)

¹ Excluding Short term investments. SEK -5.0 b. was due to converting loans to investments related to ST-Ericsson

PROPOSED DIVIDEND



- › SEK 2.75 (2.50) per share
– Increase of 10%
- › In total ~SEK 9.1 (8.2) b.
- › April 12, 2013, record day for payment
- › In accordance with Ericsson's dividend policy the proposed dividend reflects 2012 year's earnings and balance sheet structure, as well as coming years' business plans and expected economic development



PERFORMANCE 2010-2012



LONG TERM AMBITION

PERFORMANCE

EXECUTIVE STOCK PERFORMANCE PLAN

	2010	2011	2012	2010-2013	2011-2014
Grow faster than the market	203 -2%	227 12%	228 0%	4-10%	2-8%
Operating income growth - Best in class margins - Growth in JV earnings	23.7 ¹ +28%	17.9 -25%	10.5 -42%	5-15%	5-15%
Strong cash conversion	112%	40%	116%	>70%	>70%

Strong cash conversion but profitability not satisfactory

Targets revised yearly and approved by Annual General Meeting. Targets for 2013 (2012-2015) will be communicated in the AGM invitation.

¹ 2010 excluding restructuring charges.

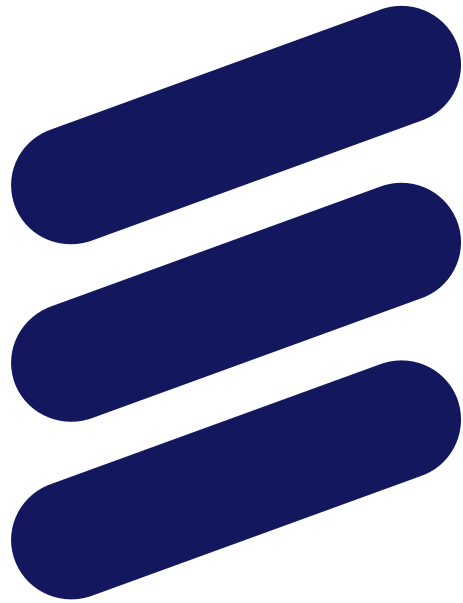
FOCUS GOING FORWARD

Strategy execution – profitable growth

Cost and efficiency

Technology and services leadership





ERICSSON



Q&A

MEDIA ACTIVITIES AT MOBILE WORLD CONGRESS



Pre-Briefing for media and industry analysts

Ericsson guides you through its focus areas and demos

London, February 13

Stockholm, February 14

Phone briefing, February 18

RSVP: media.relations@ericsson.com

Monday, February 25

Press conference, 8:30-9:30 am

- Analysts welcome
- Ericsson's hall, Fira Gran Via, Hall 2
- Speaker: Hans Vestberg

RSVP: media.relations@ericsson.com

Press mingle, 6:00-9:00pm

- Fabric Moritz, Ronda Sant Antoni, 41, Barcelona

RSVP: media.relations@ericsson.com

Tuesday, February 26

GSMA Panel - The Future of Communications

11-12:30am

- GSMA Main Auditorium, Hall 4, Fira Gran Via
- Speaker: including Hans Vestberg

Ericsson customer keynote, 6:30-7:30 pm
(by invitation, GSMA badges required)

- Ericsson's hall, Fira Gran Via, Hall 2
- Speaker: Hans Vestberg

To attend activities at Fira Gran Via MWC pass are required, please register on:

www.mobileworldcongress.com/press-registration

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January 31, 2013

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