



THIRD QUARTER 2013

October 24, 2013



HELENA NORRMAN

Senior Vice President Communications

THIRD QUARTER 2013

October 24, 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

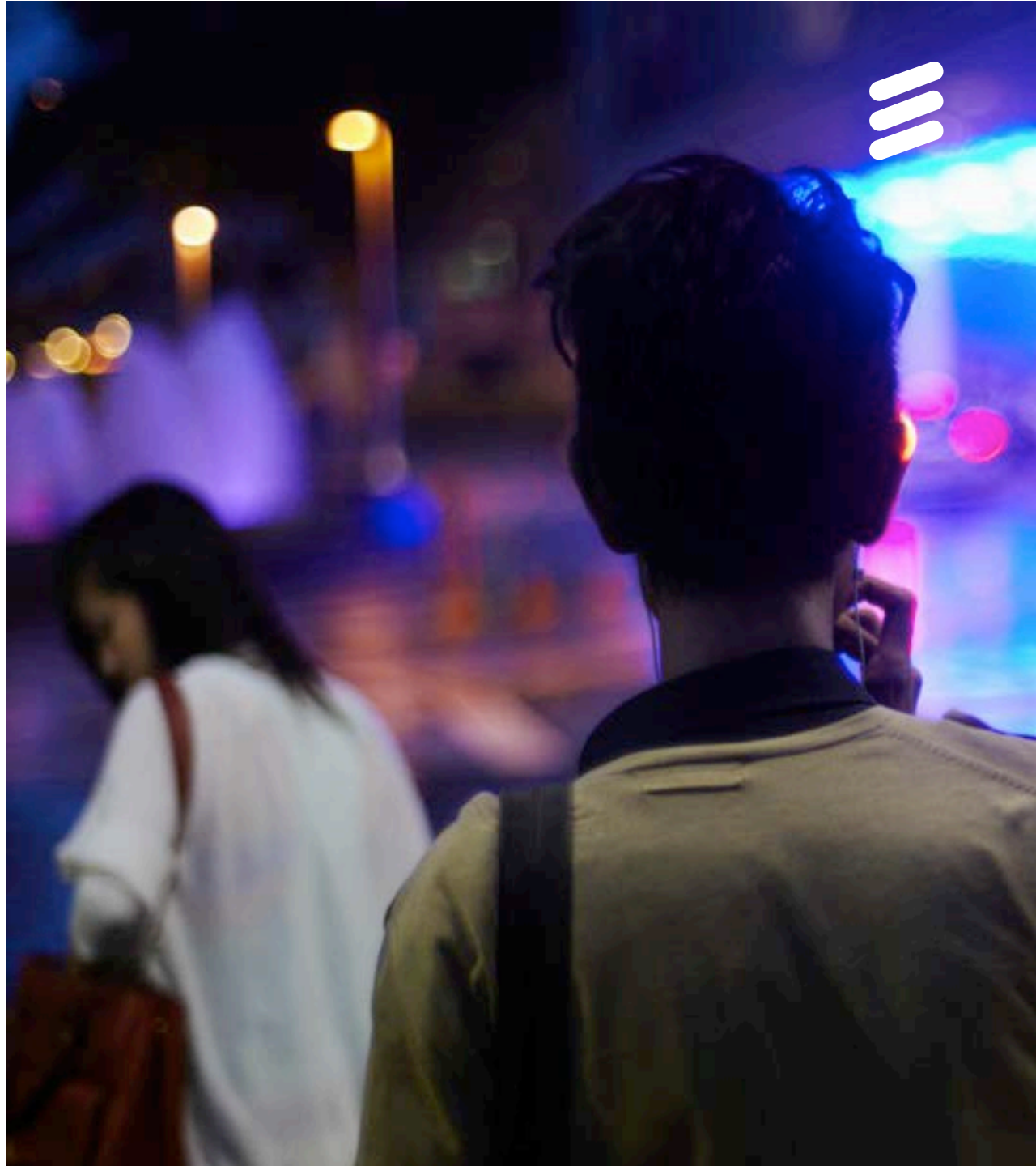


HANS VESTBERG

President and CEO

KEY DEVELOPMENTS

- › Two large operators in China have made their vendor selection for 4G/LTE
- › LTE is driving HSPA investments
- › Trend towards customer centric managed services
- › TV and media part of main strategies for operators
- › Consolidation and M&A activities in the market is high



REDEFINING SMALL CELLS



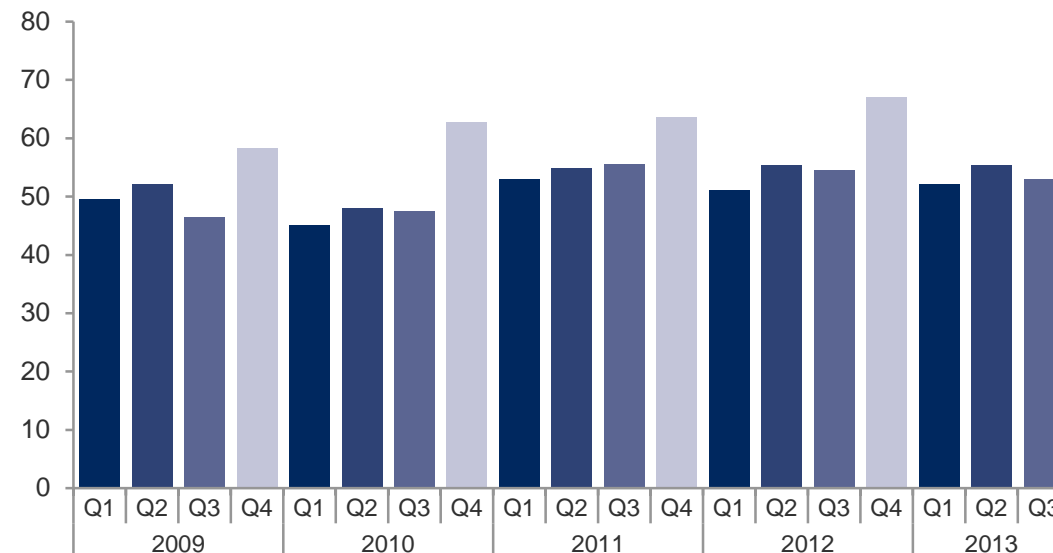
ERICSSON

NET SALES



- › Organic FX adjusted sales +3% YoY
- › Reported sales currently under some pressure
 - Strong SEK impacting JPY, USD, EUR sales
 - Reduced activity in Japan where we are getting closer to completion of a major project
 - Continued decline in CDMA in North America as well as in GSM in China
 - Continued slow investments in India
- › Organic FX adjusted sales -2% QoQ
 - Reported sales declined -4% QoQ
 - North America negatively impacted as two large coverage projects peaked first half 2013
 - Lower project activity in Japan

SEK b



Net sales

Q313 SEK 53.0 b
 Y/Y -3%
 Q/Q -4%

Organic and FX adjusted

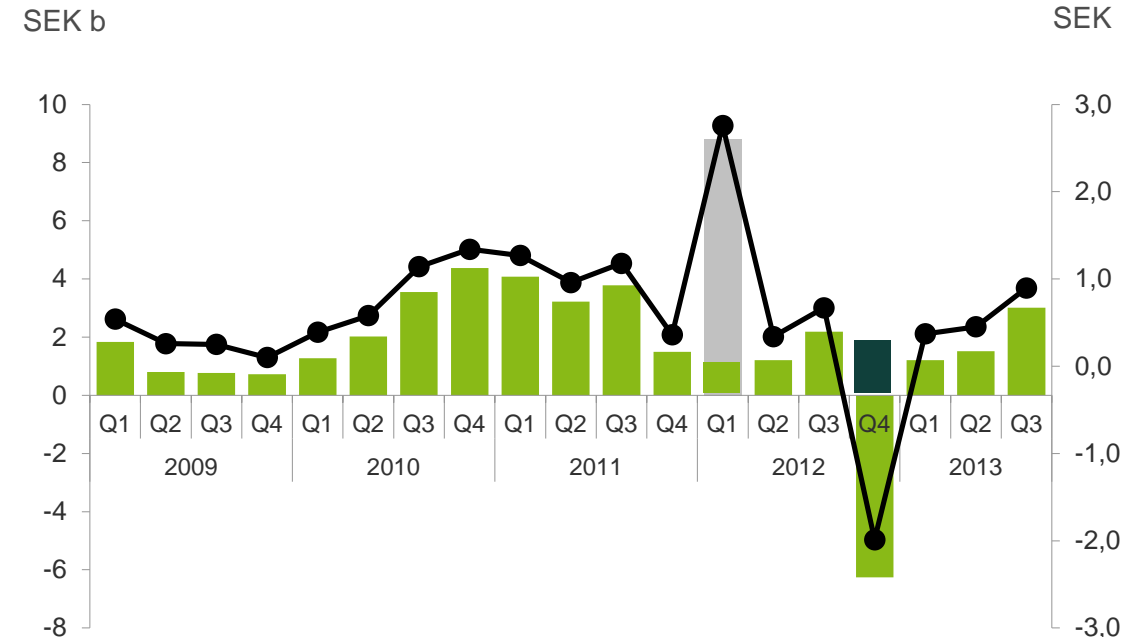
Q313/Q312 +3%

PROFITABILITY

- › Operating margin including JV increased YoY to 8.0% (5.7%)
 - Gross margin improved to 32.0% (30.4%)
 - Networks operating margin improved to 10% (5%)
 - Negative impact from FX despite unrealized hedge gain of SEK 0.8 b.

- › Net income SEK 3.0 (2.2) b.
 - EPS diluted, SEK 0.90 (0.67)
 - EPS non IFRS¹⁾ SEK 1.31 (1.04)

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



Net income	
Q313	SEK 3.0 b
Y/Y	+38%
Q/Q	+99%

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

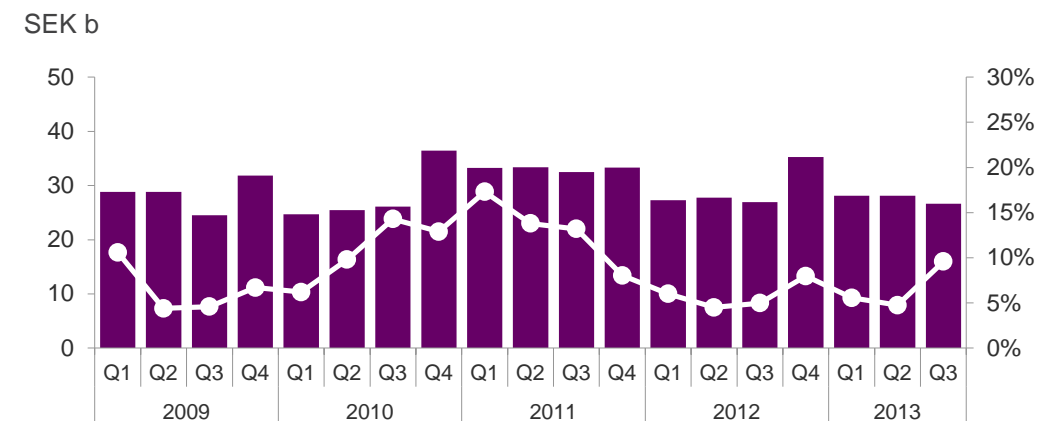
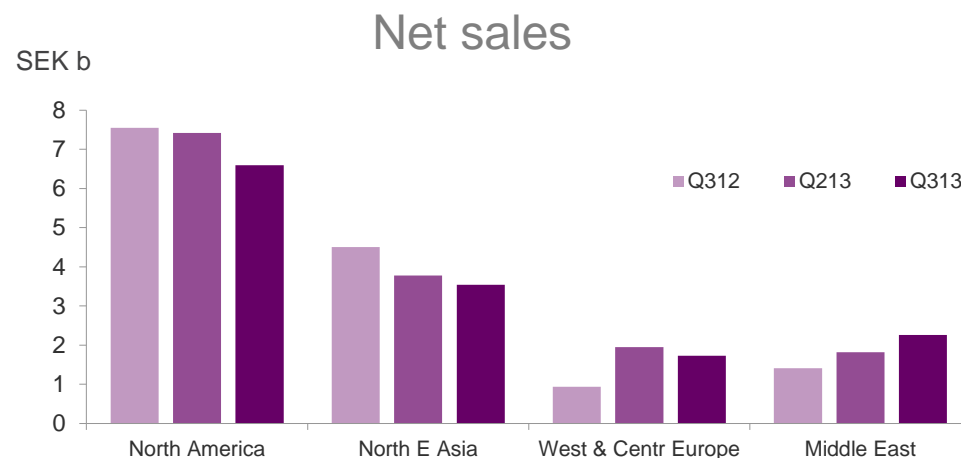
NETWORKS

› Organic FX adjusted sales +4% YoY

- Growth in mobile broadband business in Europe and Latin America
- North America negatively impacted as two large coverage projects peaked first half 2013
- Reduced activity in Japan where we are getting closer to completion of a major project
- Continued structural decline in CDMA, GSM in China and circuit switched core
- HSPA demand growing in 7 out of 10 regions
- 12 new SSR contracts of which four were for fixed networks

› Sales declined -5% QoQ

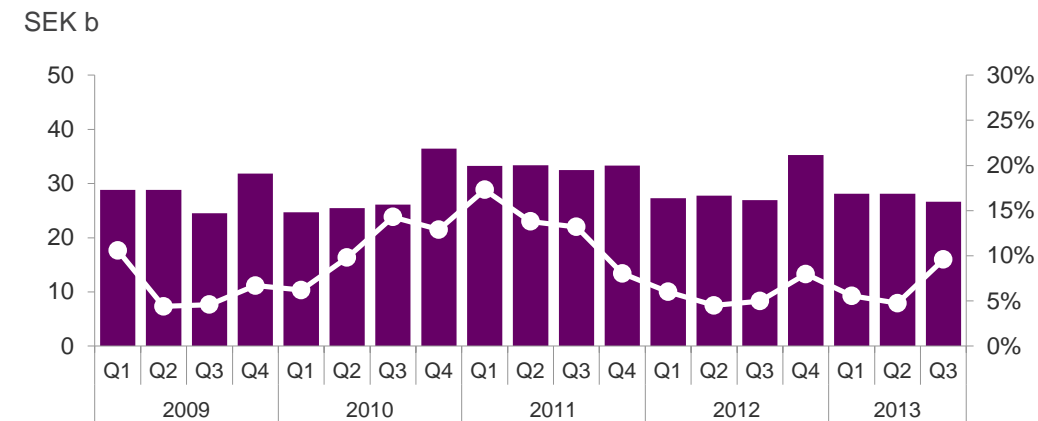
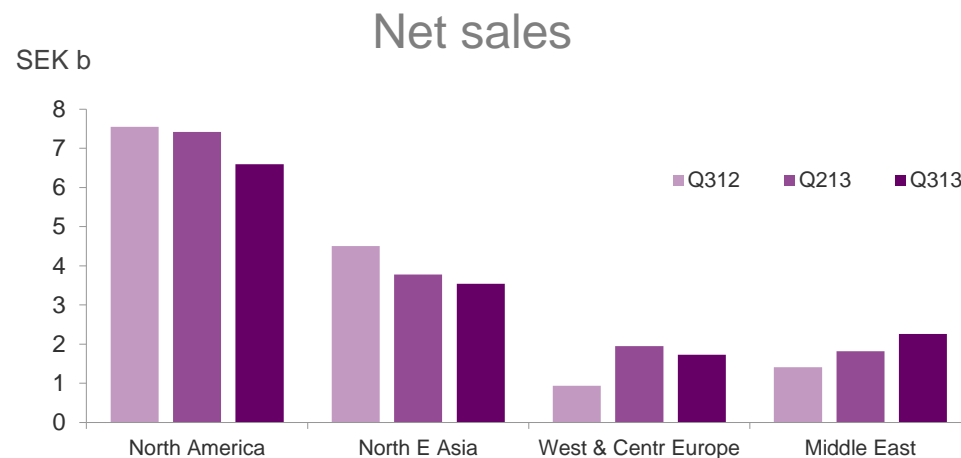
- Negative impact from FX
- Reduced project activity in North America and Japan



Operating margin		Sales		Networks sales Networks Operating margin
Q313	+10%	Q313	SEK 26.7 b	
Q312	+5%	Y/Y	-1%	
Q213	+5%	Q/Q	-5%	

NETWORKS

- › Operating income SEK 2.6 (1.3) b.
- › Operating margin doubled to 10% (5%)
 - Negative impact from FX despite unrealized hedge gain
 - Improved commercial excellence, optimization of portfolio and continued efficiency gains
 - Decreasing dilutive effect from network modernization projects in Europe



Operating margin		Sales		
Q313	+10%	Q313	SEK 26.7 b	
Q312	+5%	Y/Y	-1%	
Q213	+5%	Q/Q	-5%	

GLOBAL SERVICES



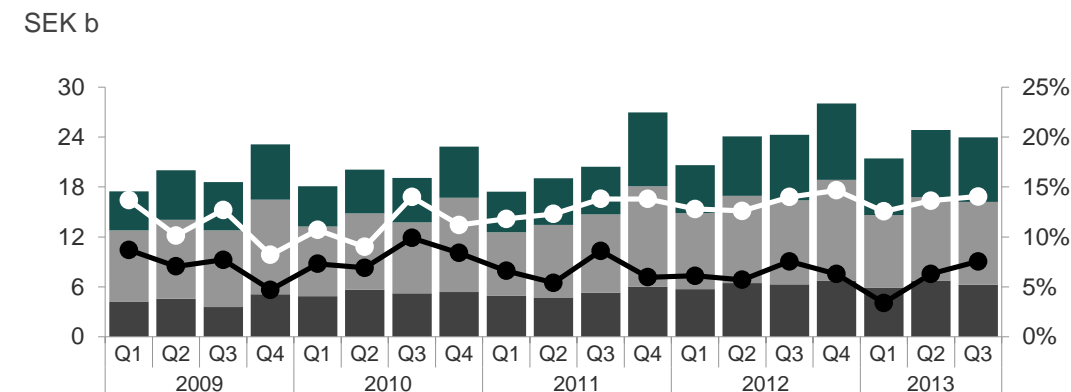
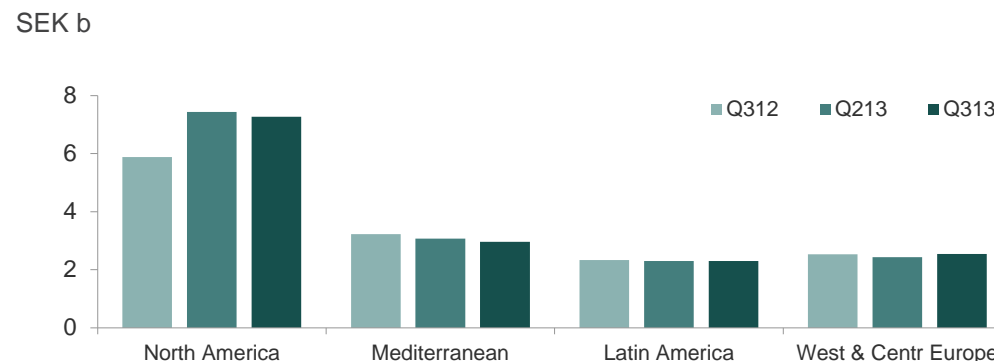
- › Organic FX adjusted sales +3% YoY
 - Growth driven by high activity in North America
 - Growth for both Professional Services and Network Rollout

- › Sales declined -4% QoQ
 - Negative impact from FX

- › Professional Services sales -1% YoY
 - Stable earnings, 14% operating margin
 - 22 (16) significant consulting and systems integration contracts signed YTD of which 6 (3) in the quarter
 - 59 (37) Managed Services contracts signed YTD of which 19 (11) in the quarter

- › Network Rollout sales -2% YoY
 - Slower growth compared to first half 2013

Net sales



Global Services Operating margin	Sales Q313	SEK 24.0 b	Network Rollout sales
Q313 +8%	Y/Y -1%		Professional Services sales excl. Managed Services sales
Q312 +8%	Q/Q -4%		Managed Services sales
Q213 +6%			Professional Services Operating margin
			Global Services Operating margin

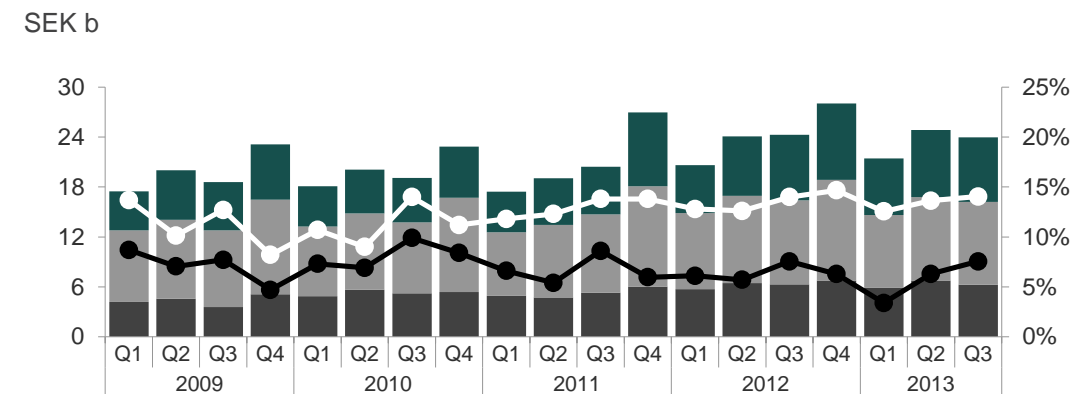
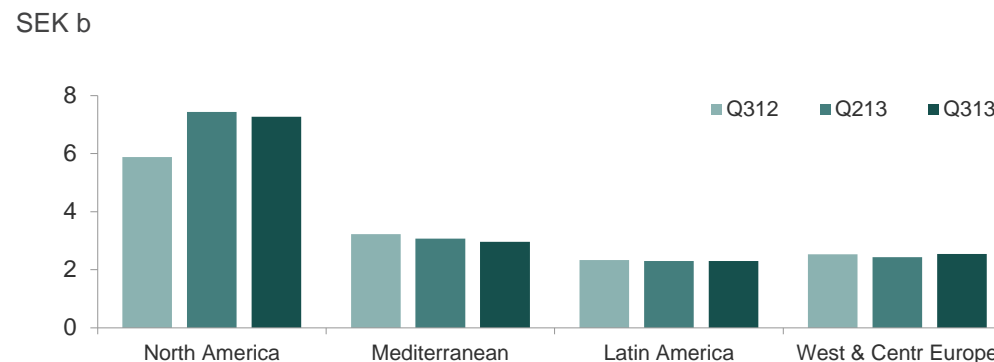
GLOBAL SERVICES



- › Operating income, SEK 1.8 (1.8) b.
 - Restructuring charges from ongoing service delivery strategy execution SEK -0.4 (-0.4) b.
 - Professional Services stable

- › Operating margin 8% (8%)
 - Improved QoQ from 6%
 - Network Rollout margin improved QoQ to -6% from -9%. Reduced impact from network modernization projects in Europe.

Net sales



Global Services Operating margin	Sales Q313	SEK 24.0 b
Q313 +8%	Y/Y -1%	
Q312 +8%	Q/Q -4%	
Q213 +6%		

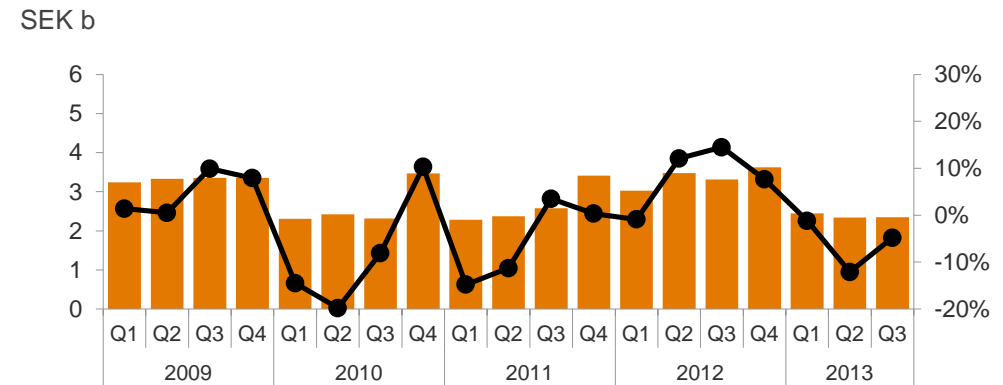
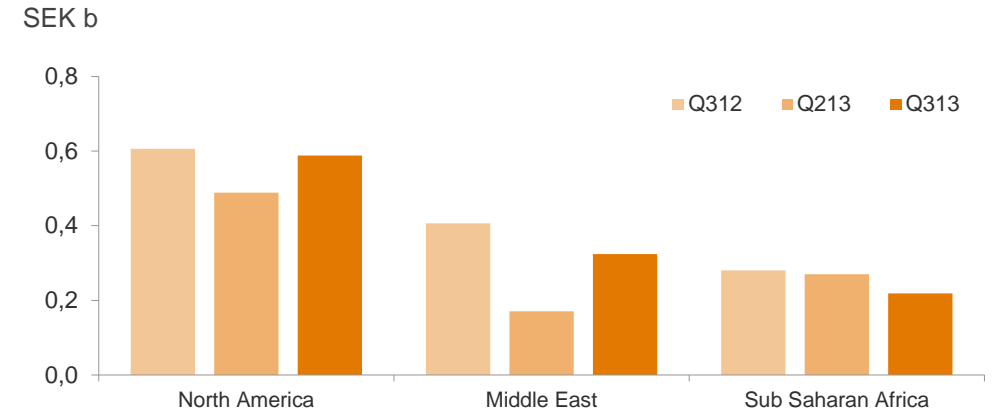
- Network Rollout sales
- Professional Services sales excl. Managed Services sales
- Managed Services sales
- Professional Services Operating margin
- Global Services Operating margin

SUPPORT SOLUTIONS



- › Organic FX adjusted sales -15% YoY
- › Reported sales -29% YoY
 - IPX divested end of Q312, ACS divested in Q2 2013
 - Lower sales of compression technology
 - Continued growth in OSS sales
- › Sales increased +1% QoQ
- › Operating margin -5% (14%)
 - Lower sales volumes
- › Strengthened position in growing media market
 - Closed acquisition of Microsoft Mediaroom, will add to Ericsson sales from Q4 2013

Net sales



Operating margin		Sales		Support Solutions sales Support Solutions Operating margin
Q313	-5%	Q313	SEK 2.4 b	
Q312	+14%	Y/Y	-29%	
Q213	-12%	Q/Q	+1%	

Q3 REGIONAL SALES



North America

- › Networks continued to decline QoQ as two mobile broadband coverage projects peaked in first half 2013
- › Network evolution and professional services remain a growth theme

Q313 SEK 14.5 b
Y/Y +3%
Q/Q -6%

Mediterranean

- › Modernization projects in France and continued 3G deployments in Northwest Africa
- › Lower investments in Italy

Q313 SEK 5.7 b
Y/Y +5%
Q/Q -8%

North East Asia

- › Negative FX effects in Japan, reduced activity in major project
- › Structural decline in GSM investments in China
- › Spectrum auctions in South Korea concluded. Low activity in quarter.

Q313 SEK 6.1 b
Y/Y -28%
Q/Q -9%

Latin America

- › Network quality investments in 3G and initial LTE rollouts continued
- › Macroeconomic slow down in Brazil and Mexico

Q313 SEK 5.3 b
Y/Y -2%
Q/Q -5%

Middle East

- › LTE being deployed, still small share of sales
- › Continued good demand for professional services
- › Political unrest prevails

Q313 SEK 4.4 b
Y/Y +21%
Q/Q +10%

South East Asia and Oceania

- › Lower business activity in Indonesia offset by projects in Thailand
- › Currency depreciations in several countries impacted business

Q313 SEK 3.6 b
Y/Y +3%
Q/Q -4%

Northern Europe and Central Asia

- › Slow recovery in Russia based on 3G investments, but also LTE
- › Managed Services continue to show good development

Q313 SEK 2.9 b
Y/Y +9%
Q/Q +9%

Sub-Saharan Africa

- › Services growth fuelled by Managed Services
- › 2G and 3G capacity buildouts to improve quality of service

Q313 SEK 2.7 b
Y/Y -4%
Q/Q +2%

Other

- › Licensing revenues showed a slight decline, but progressing well YTD
- › IPX divested end of Q312 and Power Cables beginning of Q313

Q313 SEK 2.2 b
Y/Y -34%
Q/Q -19%

Western and Central Europe

- › YoY growth driven by modernization projects
- › Capacity discussions initiated based on modernized footprint

Q313 SEK 4.4 b
Y/Y +21%
Q/Q -3%

India

- › Investments continue to be slow
- › Signs of regulatory improvements
- › Services growth driven by Managed Services

Q313 SEK 1.3 b
Y/Y -26%
Q/Q 0%



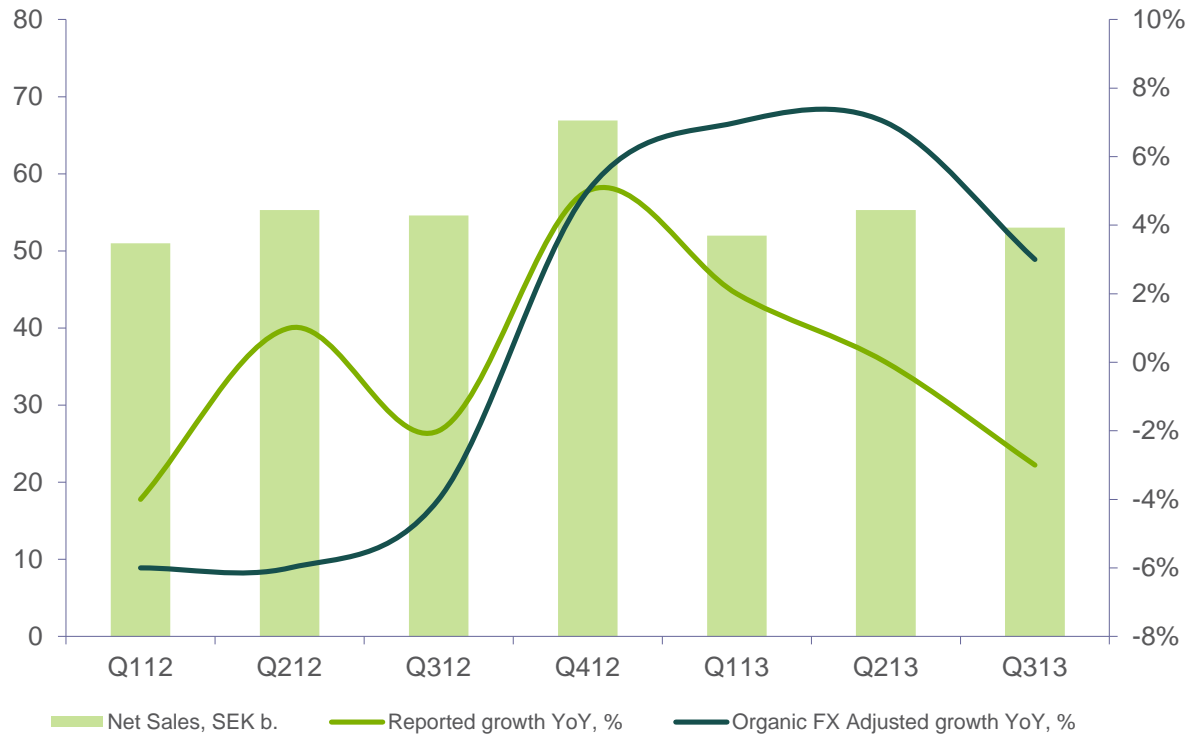
JAN FRYKHAMMAR

CFO and Executive Vice President

SALES GROWTH – FX IMPACT



SEK b



5%-points difference YTD on sales: SEK -8 b.

Sales growth first 9 months 2013

	Reported	Organic FX adjusted
Networks	1%	6%
Global Services	2%	7%
Support Solutions	-27%	-13%
Group	0%	5%

- Major FX impact from USD, EUR, JPY, BRL
- Change of accounting of hedge since Jan 1, 2013
- Currency depreciations and devaluation in several countries

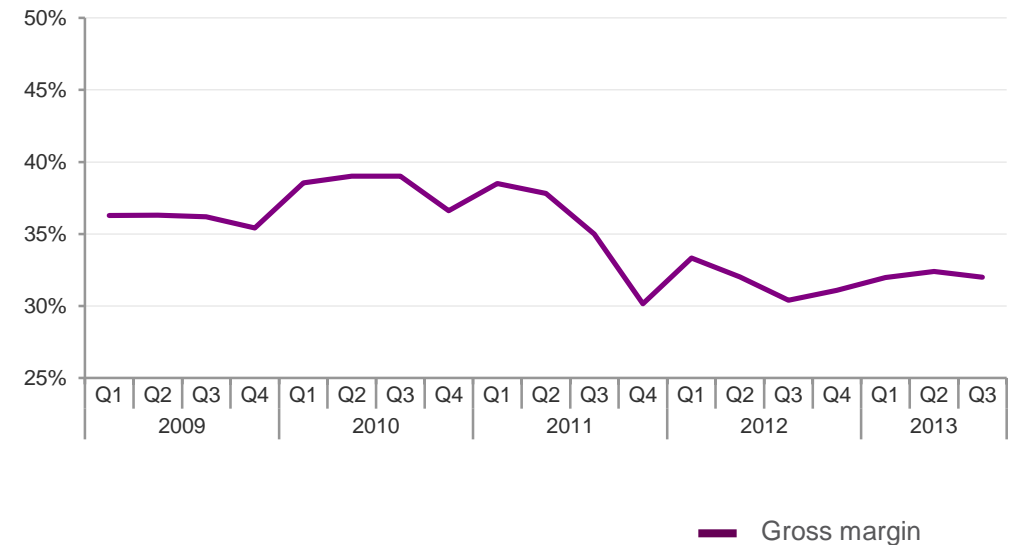
P/L COMMENTS

- › Gross margin increased YoY to 32.0% (30.4%)
 - Lower share of network modernization projects in Europe
 - Somewhat improved business mix
 - Gross margin decreased slightly QoQ



Business mix key to gross margin dynamics

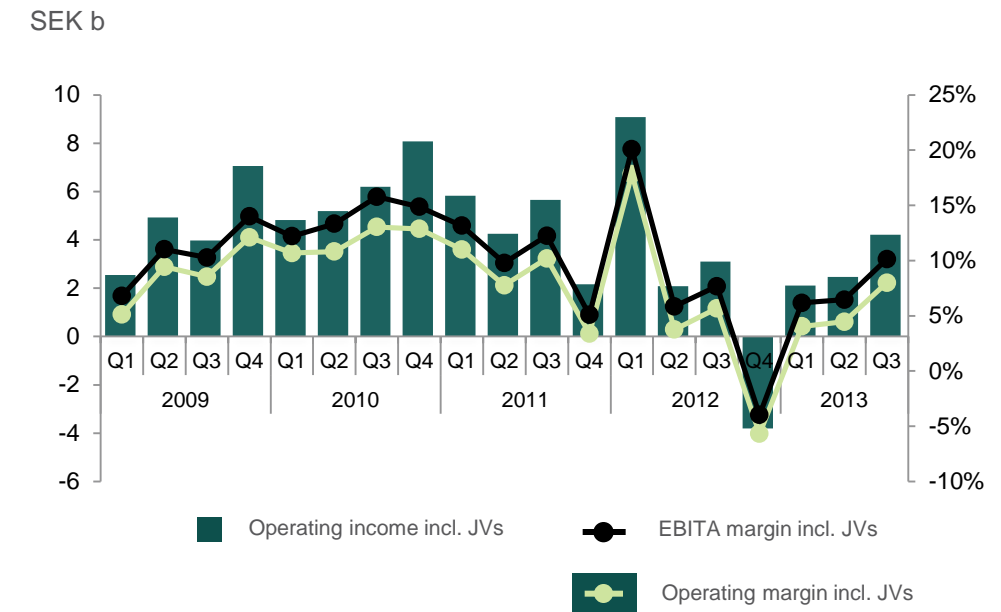
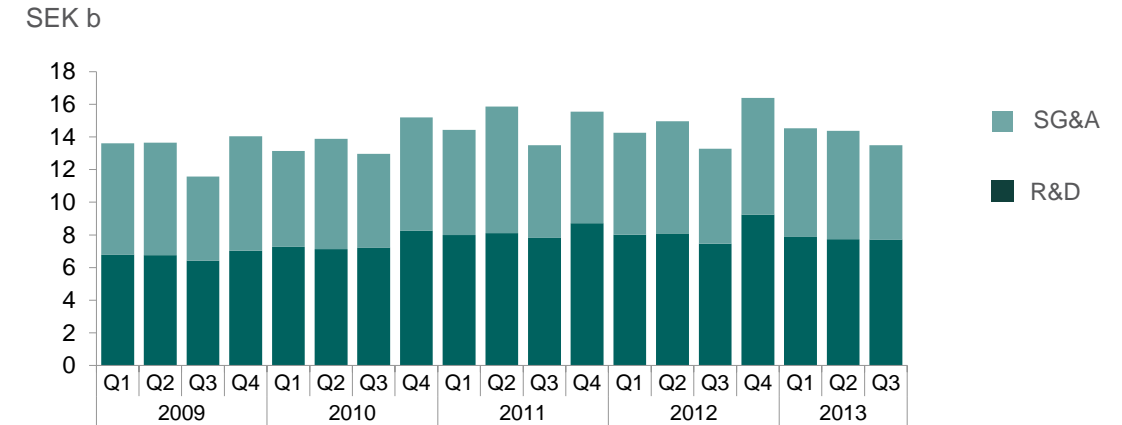
Drivers



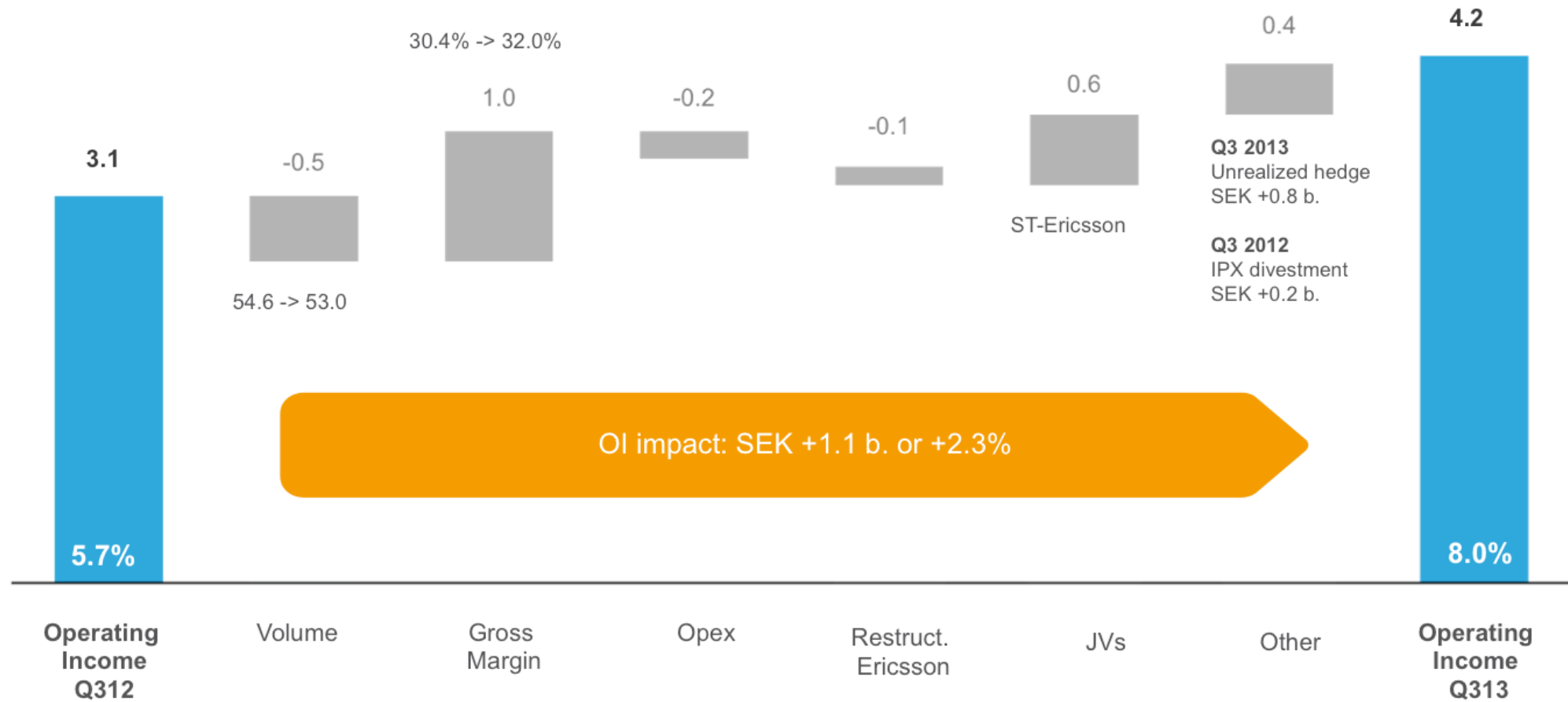
P/L COMMENTS



- › Negative impact from currency effect
 - Despite positive re-evaluation effect of SEK 0.8 b for new hedges taken in 2013 reported in "Other operating income and expenses"
- › Operating expenses SEK 13.5 (13.3) b.
 - Efficiency measures on track
 - YTD expenses, excluding restructuring charges, down -3%
- › Ericsson's share in ST-Ericsson's income before tax SEK 0.0 (-0.6) b.
 - Provision made in Q412 of SEK 3.3 b. to cover for costs related to implementation of strategic option
 - Provision is expected to be sufficient to cover the costs for the complete wind down of ST-Ericsson and integration of the modem operation
- › Operating income including JV, SEK 4.2 (3.1) b.
 - Operating margin was 8.0% (5.7%)
 - Improved margin for all segments QoQ



OPERATING INCOME BRIDGE

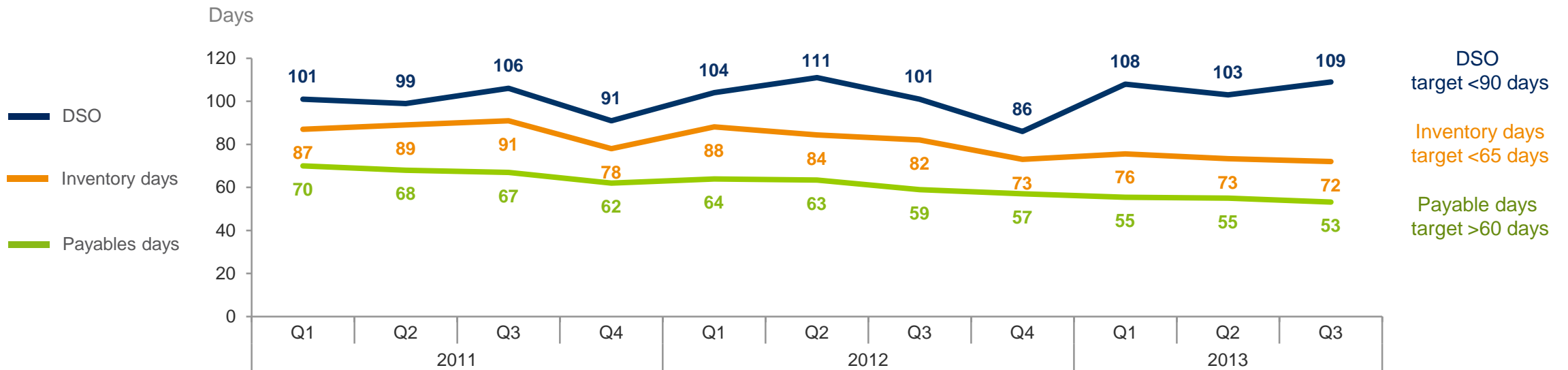


Strong development despite negative impact from FX

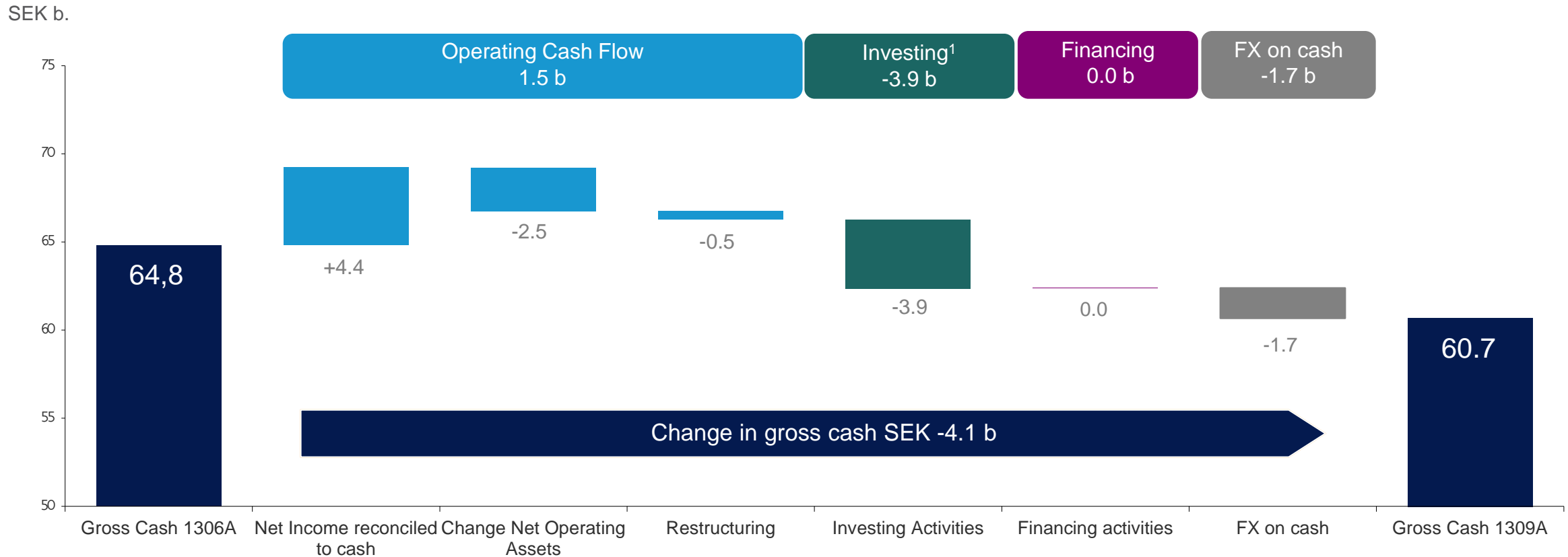
BALANCE SHEET COMMENTS



- › Trade receivables increased QoQ to SEK 64.9 from 63.1 b
 - DSO increased from 103 to 109 days
- › Customer financing decreased QoQ to SEK 3.2 from 4.1 b.
- › Inventory declined QoQ to SEK 28.1 from 29.7 b.
 - Lower project activity in North America and Japan
 - ITO from 73 to 72 days
- › Payable days decreased QoQ from 55 to 53 days
- › Provisions decreased by SEK -1.3 b
 - Mainly related to restructuring and ST-Ericsson



CHANGE IN GROSS CASH Q313



Change in net cash SEK -2.7 b. (from 27.4 to 24.7 b.)

¹ Excluding Short term investments

FOCUS GOING FORWARD

Strategy execution – profitable growth

Cost and efficiency

Technology and services leadership





ERICSSON



Q&A



INVESTOR DAY NOVEMBER 6, 2013 STOCKHOLM

<http://www.ericsson.com/ericsson/investors/events/2013/ericsson-investor-day.shtml>

THIRD QUARTER 2013

October 24, 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.