

FIRST 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



Ericsson update

- Good start of the year
 - Organic growth 5% in constant currencies - continued market share gains
 - Positive development in Networks, Professional Services and Multimedia
- Several strategic wins
 - China Unicom 3G rollout, Verizon Wireless 4G/LTE rollout
 - Managed services contract for T-Mobile & 3 UK and Vodafone UK
- SEK 10 b cost reduction activities on plan
 - Charges of SEK 0.7 b in Q1, cash outlays SEK 1.2 b
 - Positive effects on opex and margins
- Joint ventures struggle with dramatic drop in consumer demand

This slide contains forward looking statements

Market update

- So far limited effects from economic recession
 - Some operators cautious with longer term investments in fixed
 - Operators, in a few markets with dramatic depreciation, postpone capex
 - Remains difficult to precisely predict how operators will act
- Strong consumer demand for mobile broadband
 - Accelerated deployments of new technologies – government support
 - China Unicom's 3G rollout largest and fastest in history
- Increased focus on managed services and systems integration
 - Operators' focus on network transformation and cost reductions

Long-term fundamentals remain – telecoms' role in society growing

This slide contains forward looking statements

Q1 summary (before JV's and restructuring)

- Sales of SEK 49.6 (44.2) b, up 16% for comparable units
 - 5% organic growth in constant currencies
- Positive sequential margin trends
 - Effects from ongoing cost reduction programs
- Operating income SEK 4.7 (3.4) b, up 40%
- Cash flow SEK -1.7 (2.8) b, seasonality and cash position focus
 - Including contribution to pension trusts SEK 1.5 b



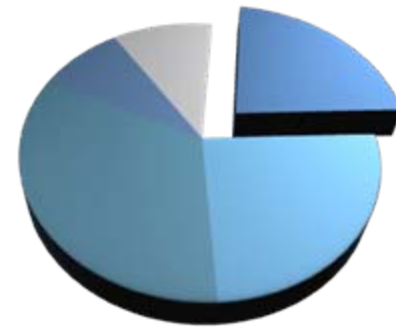
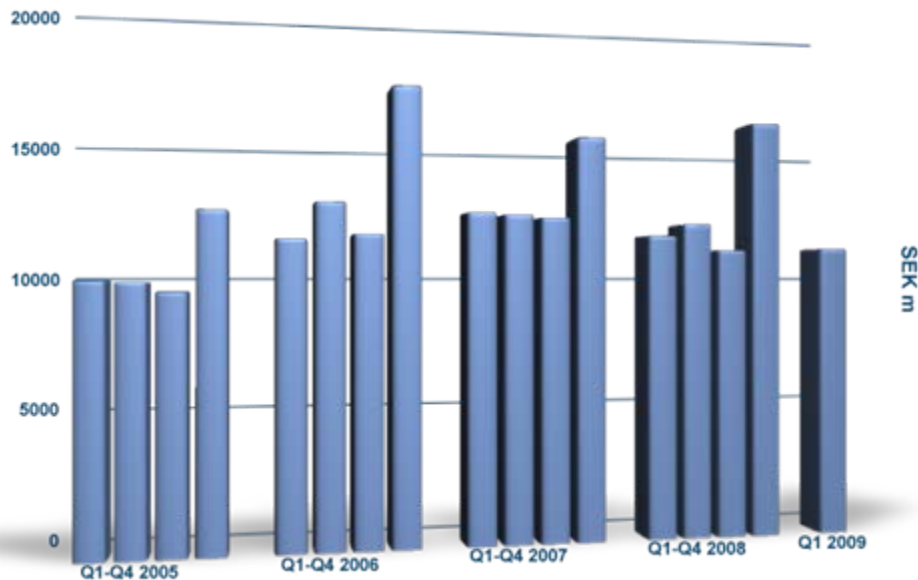
Joint ventures in Q1

- Dramatic slow down in handset market
- Sony Ericsson
 - Sales of EUR 1,736 (2,702) m, NIBT EUR -370 (193) m
 - Major cost reductions to restore profitability, opex EUR 880 m
 - Many new products in the pipeline
- ST-Ericsson in operation since February, 2009
 - Base established for world leadership in mobile platforms
 - Sales of USD 391 m, NIBT USD -98 m
 - Cost reductions of USD 480 m to leverage on synergies and restore profitability



Regional Q1 comments

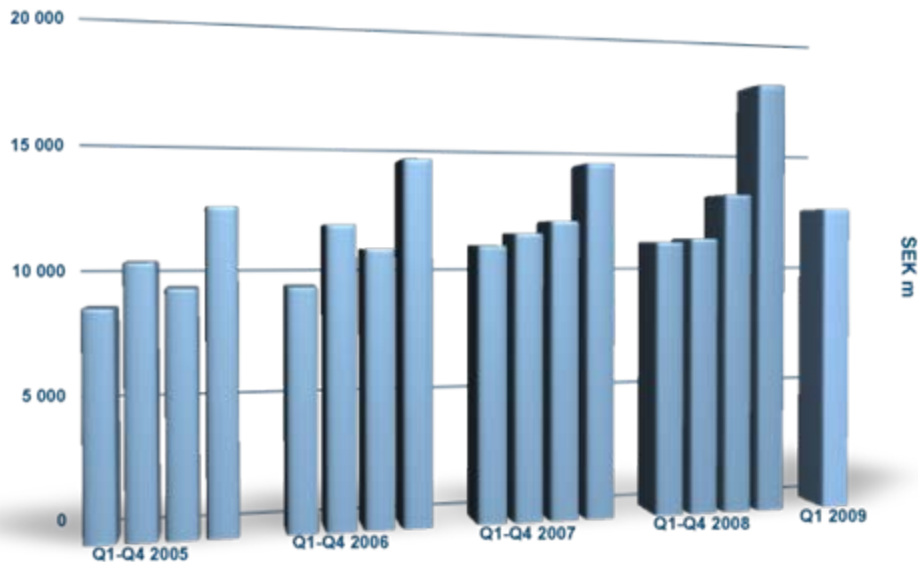
Western Europe sales -4% year-over-year



- Sales up 5% for comparable units
- Positive development in UK, Italy and Germany, tougher in Spain
- Good demand for managed services - key wins in UK

Regional Q1 comments

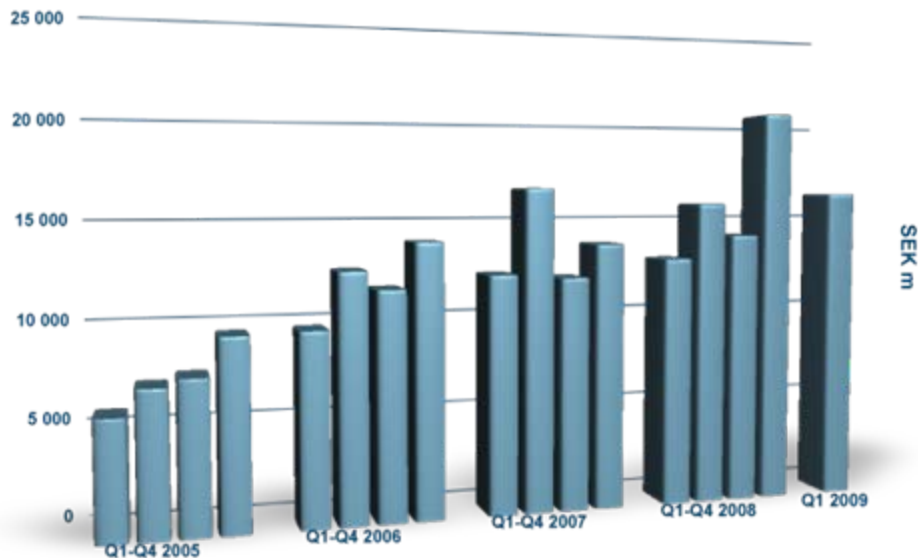
Central Europe, Middle East, Africa sales up 12% year-over-year



- Strong performance in Turkey and sub-Saharan, 2G and 3G
- Major currency drops impact operator investments, e.g. Russia, Ukraine
- Connectivity in UN Millennium villages spurs development

Regional Q1 comments

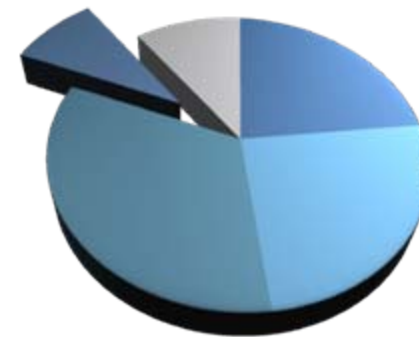
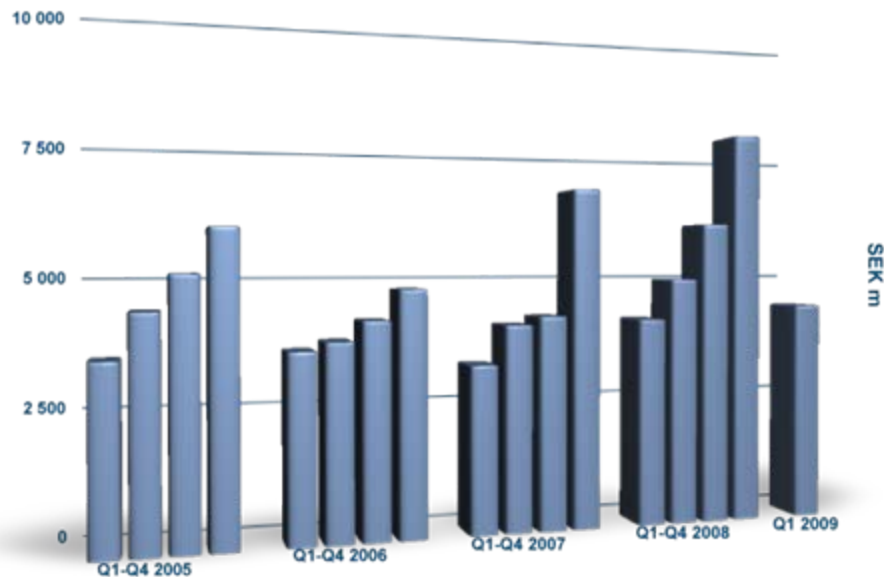
Asia Pacific sales up 26% year-over-year



- Large mobile broadband rollouts in China and Japan
- Major buildouts in India, Indonesia and Vietnam
- Slowing investments in Bangladesh and Pakistan

Regional Q1 comments

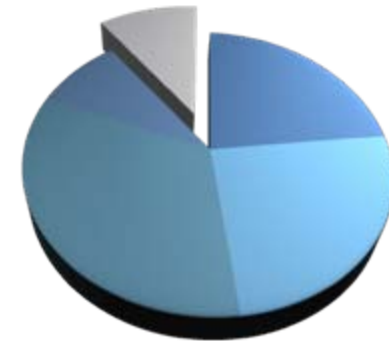
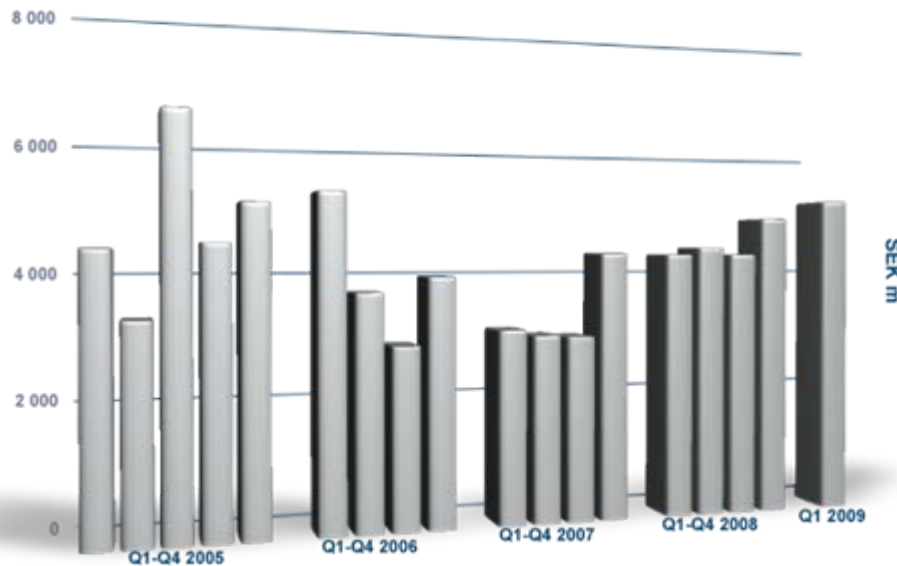
Latin America sales up 5% year-over-year



- 2G expansions and mobile broadband rollouts throughout region
- Good development in Brazil and Mexico, slower in some countries
- Growing demand for managed services

Regional Q1 comments

North America sales up 21% year-over-year



- Good growth, obvious currency impacts
- Strong public focus on mobile broadband
- Strategic contract with Verizon Wireless for 4G/LTE – new customer

HANS VESTBERG

Executive Vice President and CFO



Q1 financial highlights

SEK b.	First quarter			Fourth quarter	
	2009	2008	%	2008	%
Net sales	49.6	44.2	12 %	67.0	-26
Gross margin	36.3%	38.6%	-	35.2%	-
Operating income before JVs	4.7	3.4	40%	9.8	-52 %
Operating margin before JVs	9.5%	7.6%	-	14.6%	-

- Net sales up 12% YoY, organic growth 5% in constant currencies
- Gross margin sequentially up, business mix, CoS reductions
- Encouraging sequential opex decrease despite currency effects
- Improved operating margin, includes loss in EMP of SEK 0.5 b

All numbers excluding restructuring charges

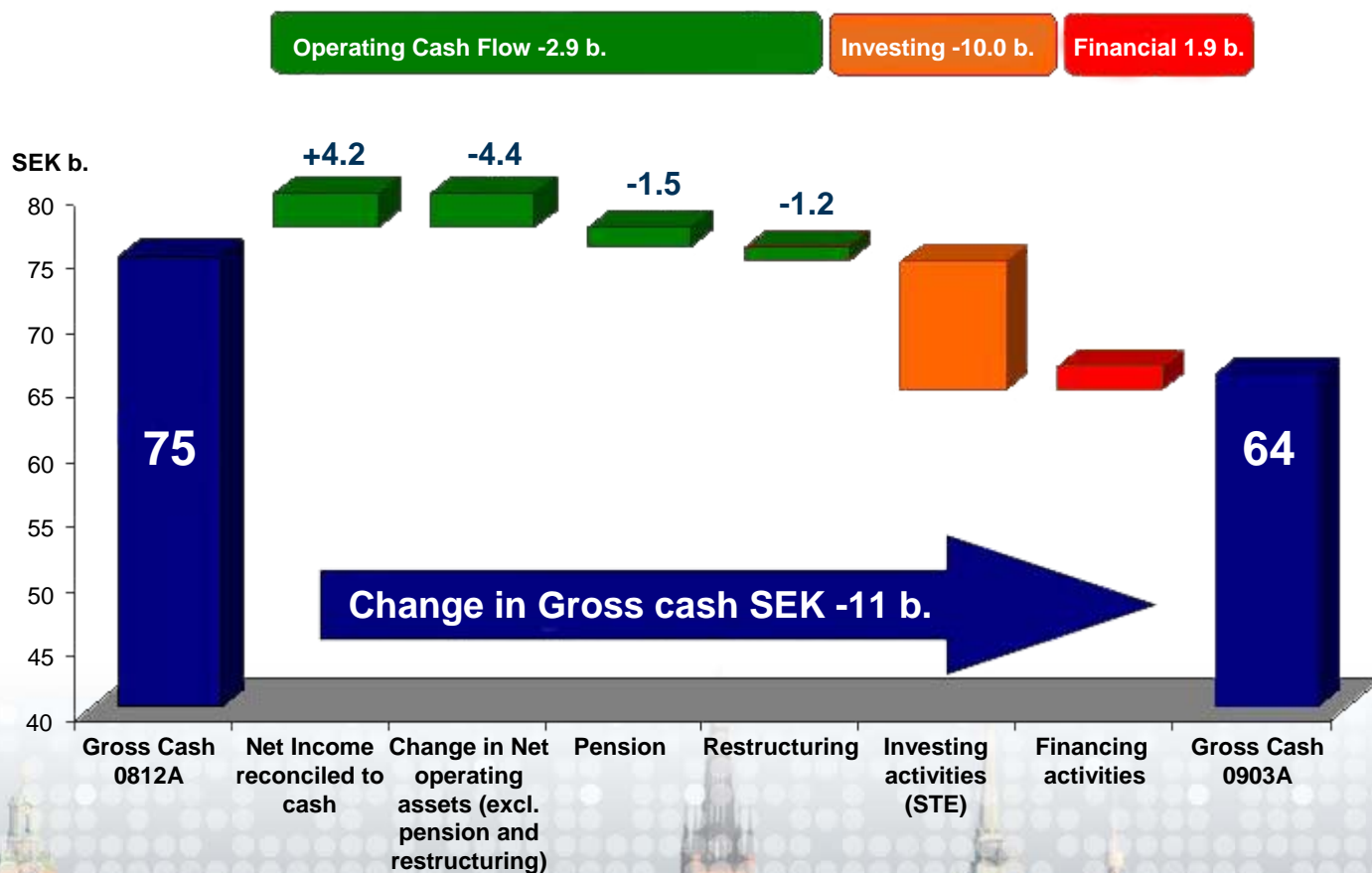
Q1 financial highlights

SEK b.	First quarter			Fourth quarter	
	2009	2008	%	2008	%
Share of earnings in JVs	-2.2	0.9	-	-0.6	-
Income after financial items	3.3	4.5	-25%	9.5	-65%
Net income	1.8	2.6	-30%	4.1	-44%
EPS diluted, SEK	0.54	0.83	-35%	1.21	-55%
Adjusted cash flow	-1.7	2.8	-	8.0	-

- Strong financial net SEK 0.8 (0.2) b
- Restructuring charges of SEK 0.7 (0.8) b
- Cash flow affected by seasonality, credit market and pension trusts

*All numbers, excluding EPS and net income, have been adjusted for restructuring charges
Cash flow excludes a dividend from Sony Ericsson in Q1, 2008*

Change in Gross cash 2009 Q1



Change in Net cash SEK -12 b. (from SEK 35 to 23 b.)

Cost reductions on track

- 2008 cost reduction program activities concluded
 - Savings of SEK 6.5 b and restructuring charges of SEK 6.7 b
 - SEK 3.3 b cash outlays remains on the balance sheet

- 2009 program targeting savings of SEK 10 b by 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

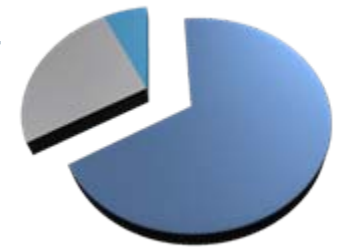
	2009		2008			2008
SEK b.	Q1	Q4	Q3	Q2	Q1	Jan-Dec
Restructuring Charges	0.7	2.3	1.8	1.8	0.8	6.7
Cash Out	1.2	1.0	0.3	0.2	0.3	1.8

Please note that not all restructuring charges lead to cash out

Networks

SEK b.	First quarter			Fourth quarter	
	2009 ¹⁾	2008	%	2008	%
Net sales	33.5	30.0	12%	45.8	-27%
<i>Of which network rollout</i>	<i>4.7</i>	<i>4.5</i>	<i>4%</i>	<i>7.6</i>	<i>-38%</i>
EBITDA margin	14%	15%	-	17%	-
Operating margin	10%	9%	-	14%	-

Excluding restructuring charges



- Good growth – several strategic wins
 - Decreasing network rollout services
- Positive margin development despite large rollout in China
 - FX effects, business mix and cost adjustments
- Traffic growth drives transmission and packet network upgrades
 - Strong growth for MiniLink and SmartEdge products

Professional Services

SEK b.	First quarter			Fourth quarter	
	2009	2008	%	2008	%
Net sales	12.8	10.0	28%	16.2	-21%
<i>Of which managed services</i>	4.2	3.1	34%	4.3	-2%
EBITDA margin	17%	16%	-	19%	-
Operating margin	15%	14%	-	18%	-

Excluding restructuring charges

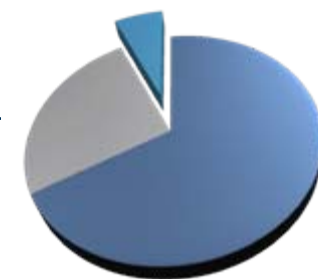


- Growth of 10% in constant currencies
 - Strong growth for managed services and systems integration
- Managed services up 34% year-over-year
 - 5 new deals including Vodafone UK and T-Mobile/Hutch UK
 - 275 million subscribers in managed networks
- Stable margins – business mix and continued efficiency gains

Multimedia

SEK b.	First quarter			Fourth quarter	
	2009	2008	%	2008	%
Net sales	3.2	2.6	25%	3.9	-17%
EBITDA margin	10%	1%	-	25%	-
Operating margin	2%	-9%	-	18%	-

*All numbers adjusted for comparable units and excluding restructuring charges
Fourth quarter 2008 includes a capital gain of SEK 0.8 b.*



- Strong growth in comparable units, up 25%
 - Revenue management and IPX (multimedia brokering) major drivers
- Positive operating margin
- Cable and satellite operators postponing TV investments

Summary

- Good start of the year, continued market share gains
 - Several strategic wins, networks and services
- Some but limited effects on telecom in economic recession
 - Difficult to more precisely predict how operators will act short-term
- Joint ventures affected by dramatic drop in consumer demand
 - Extensive activities to restore profitability



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Q&A

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