



FIRST QUARTER 2014

April 23, 2014



HELENA NORRMAN

Senior Vice President Communications

FIRST QUARTER 2014

April 23, 2014

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

Market

- › Improved network performance, a differentiator
- › Increased industry interest in SDN and NFV
- › Operators looking to optimize fixed and mobile IP networks for efficient video delivery

Ericsson

- › China 4G contracts in execution
- › Partner to AT&T for Domain 2.0
- › Awarded part of Vodafone's Project Spring
- › Managed Services business won in several regions
- › Important contracts awarded in OSS and BSS
- › Strong interest in Ericsson Radio Dot System



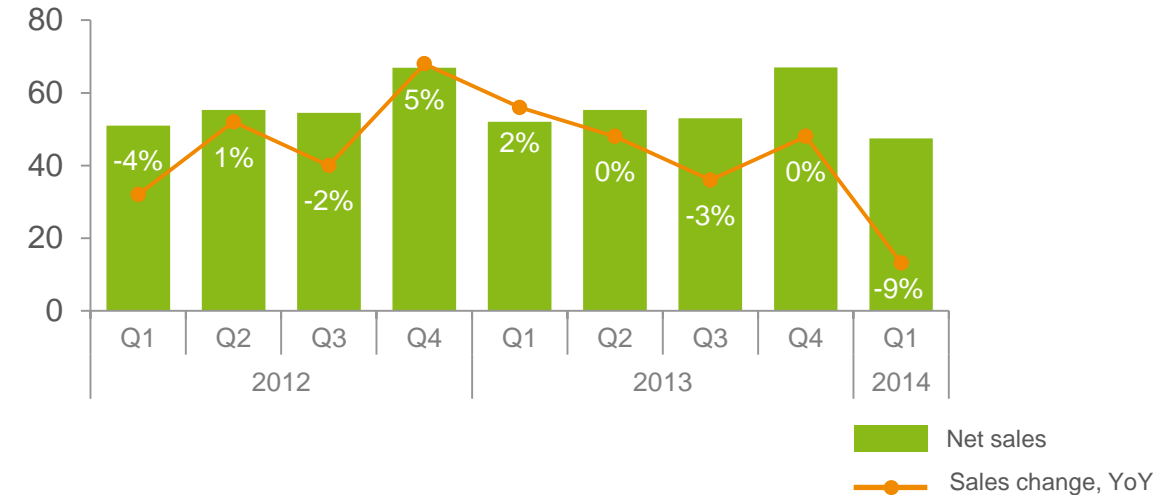
FIRST QUARTER IN NUMBERS

- › Organic FX adjusted sales -7% YoY
 - Lower coverage project activity in North America and Japan
 - Growth in China, Middle East and Latin America
- › Organic FX adjusted sales -28% QoQ
 - Significant decline in China
- › Gross margin improved YoY to 36.5% (32.0%)
 - Larger share of capacity business
- › Operating income increased YoY to SEK 2.6 (2.1) b.
 - Improvements in all segments
- › Operating cash flow SEK 9.4 (-3.0) b.

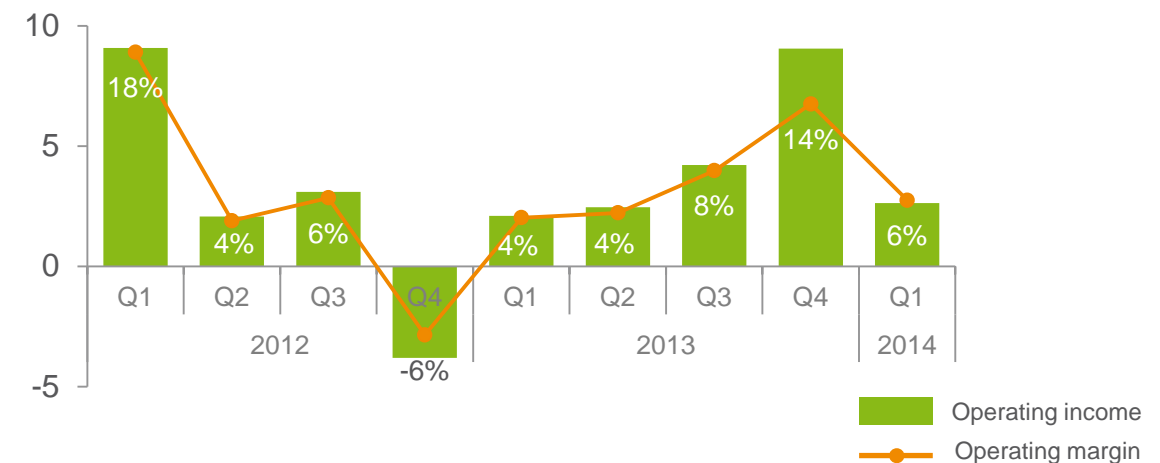
With current visibility, key contracts awarded will gradually impact sales and business mix, mainly in 2H 2014



SEK b. Net sales and sales development

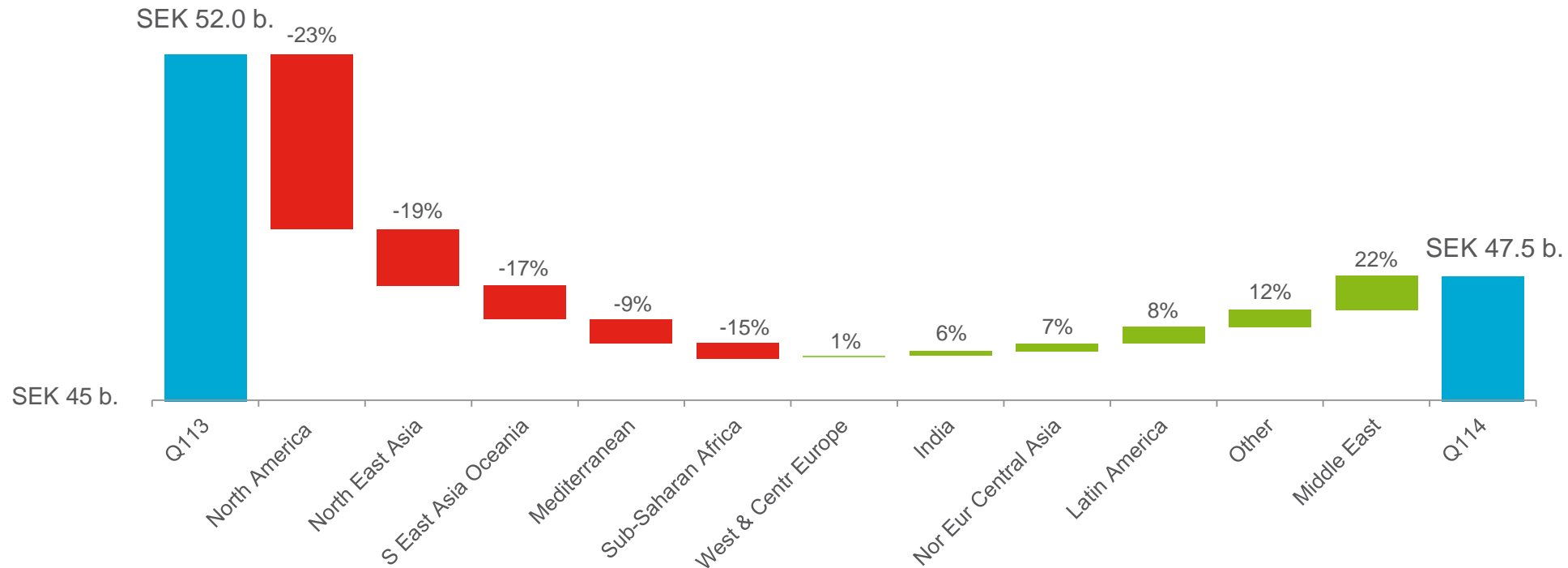


SEK b. Operating income and margin



REGIONAL OVERVIEW

Q1 SALES YOY



North America: As anticipated, lower coverage project activity



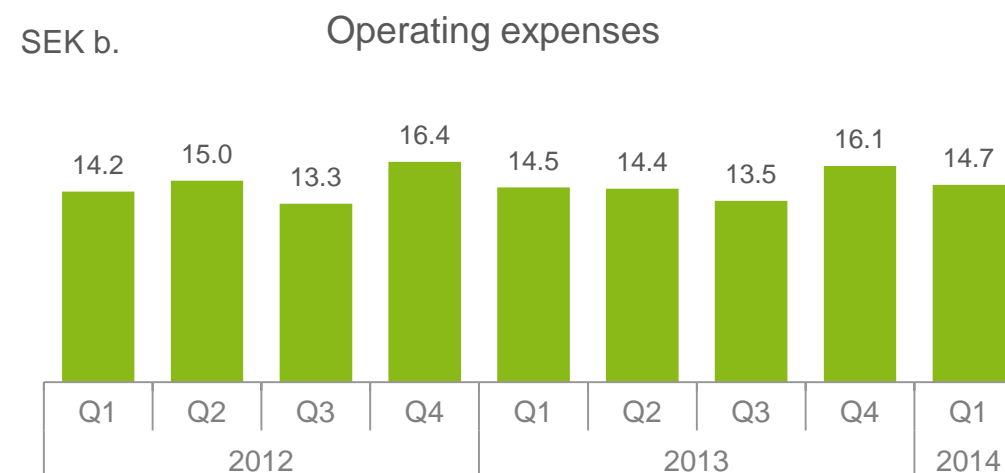
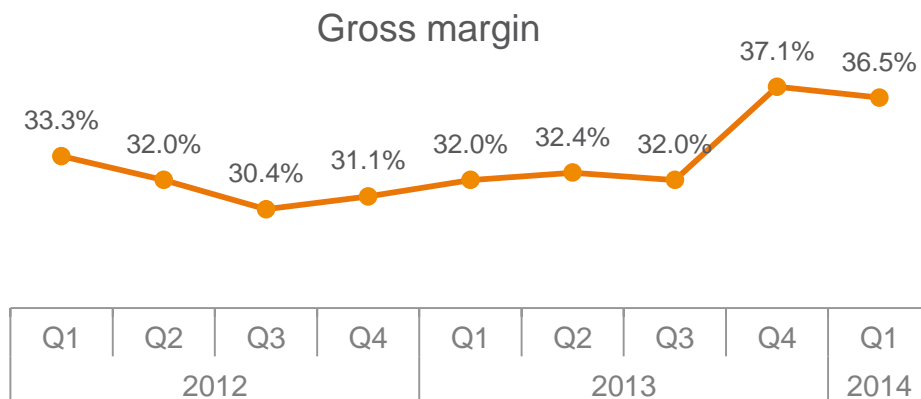
JAN FRYKHAMMAR

CFO and Executive Vice President

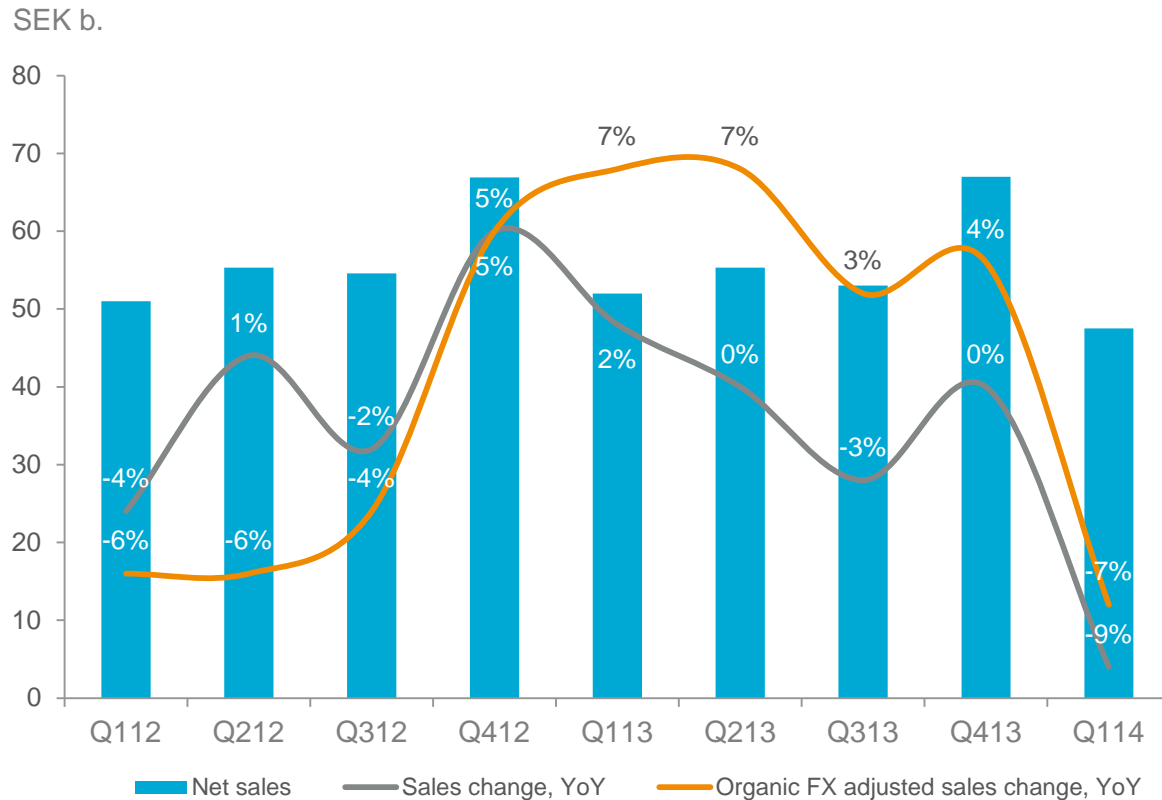
FIRST QUARTER



- › Sales declined in the quarter, as anticipated
- › Gross income and margin substantially improved
 - Larger share of capacity business with higher hardware margins and lower restructuring charges
- › Operating expenses SEK 14.7 (14.5) b.
 - Established on higher level, reflecting new investments
- › Operating income SEK 2.6 (2.1) b.
 - Improvements in all segments
- › Operating cash flow SEK 9.4 (-3.0) b.
 - Inventory and payable days increased as an effect of preparation for coming mobile broadband deployments
 - Dividend pay-out in Q2 2014, SEK ~9.9 b.
 - Continued efforts to structurally reduce working capital
- › Further improved debt maturity profile



SALES GROWTH – FX IMPACT



Sales YoY change, Q1 2014

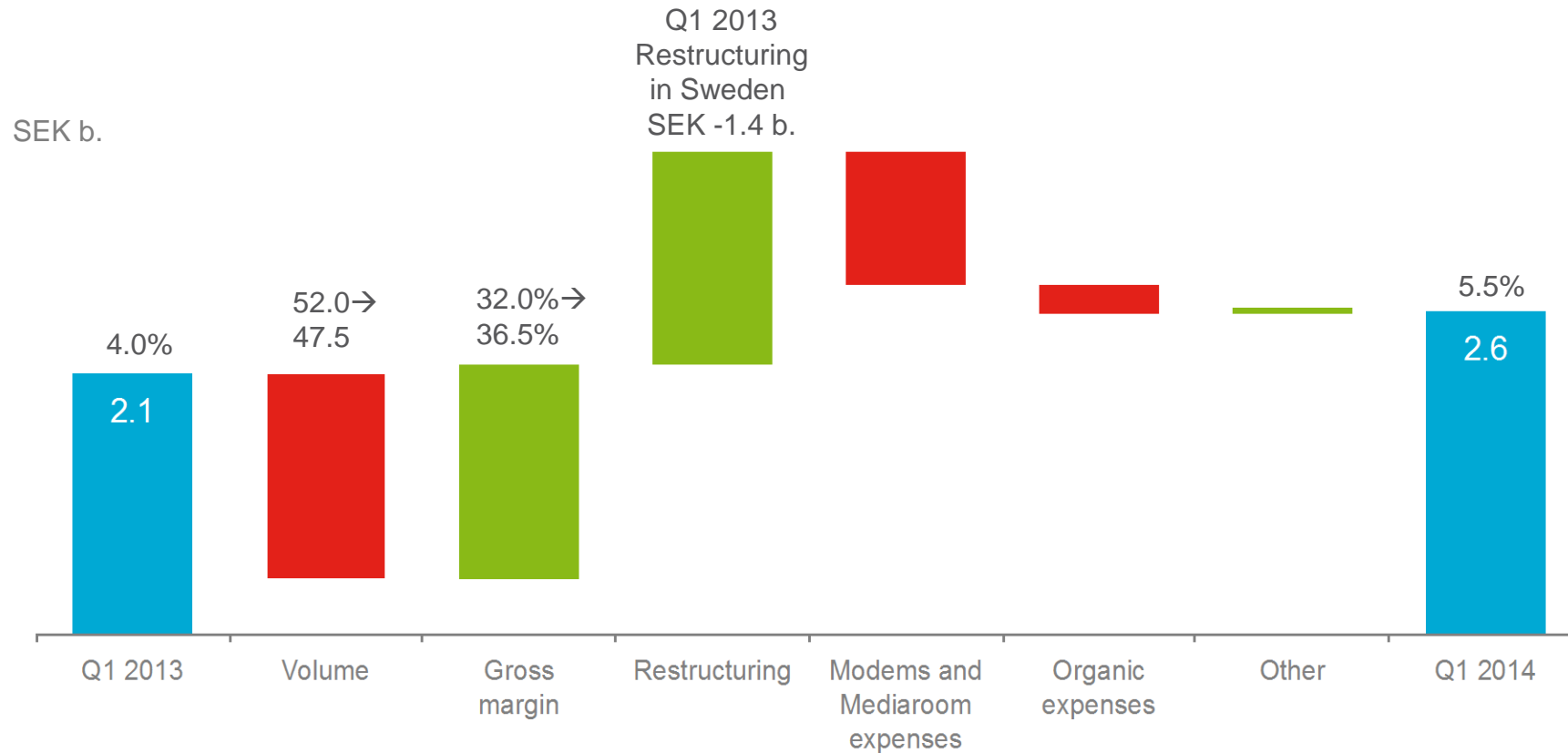
	Reported	Organic FX adjusted
Networks	-13%	-10%
Global Services	-5%	-3%
Support Solutions	13%	4%
Group	-9%	-7%

- Major FX exposure: USD, EUR and JPY
- Currency depreciation effects in emerging markets. Impact of SEK -0.4 b. on gross income

2%-points impact in Q1 2014 on sales: approx. SEK -1 b.

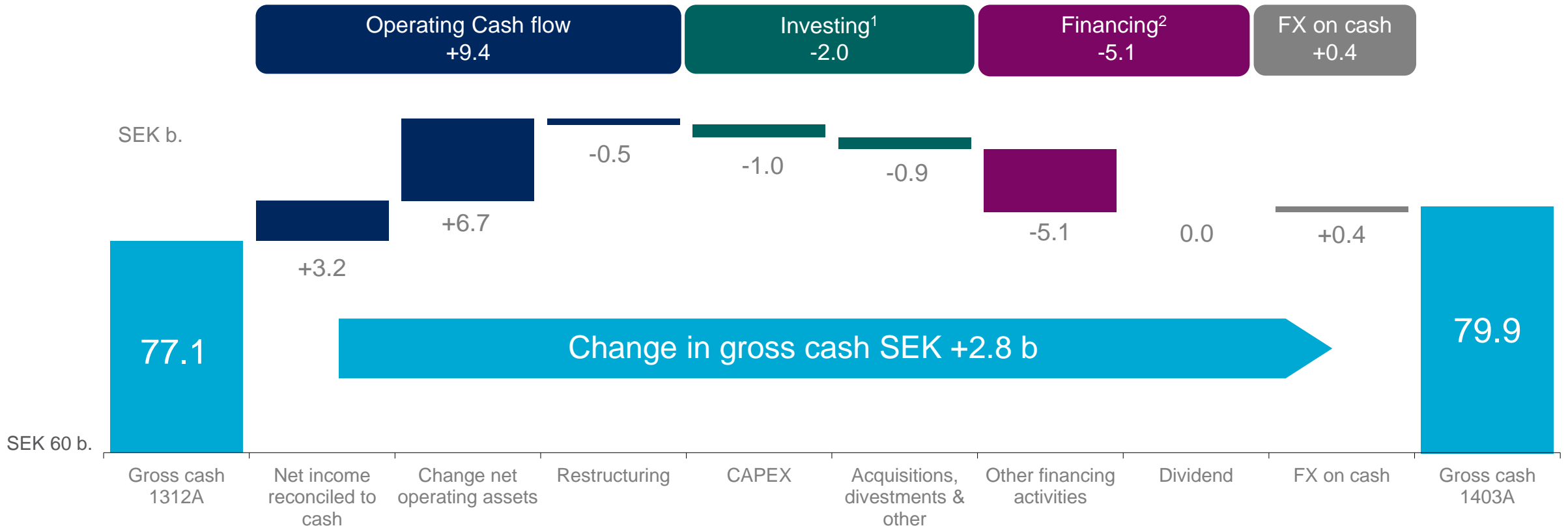
OPERATING INCOME DEVELOPMENT

Q1 YOY



Improved operating margins in all segments

CHANGE IN GROSS CASH Q1



Change in net cash SEK +5.8 b. (from SEK 37.8 to 43.6 b.)

¹Excluding Short term investments

²Other financing activities includes repayment of debt SEK -6.0 b.



HANS VESTBERG

President and CEO

NETWORKS



› Business highlights

- LTE business steady YoY
- Continued momentum for SSR
- Agreement with Ciena for IP-optical capabilities
- Partner to AT&T for Domain 2.0 Initiative utilizing NFV and SDN

› Organic FX adjusted sales -10% YoY

- Decline in coverage projects as anticipated, North America and Japan not fully offset by growth in China, Middle East and Latin America
- Continued good growth in capacity business

› Sales decreased -30% QoQ

- Lower activities in North East Asia

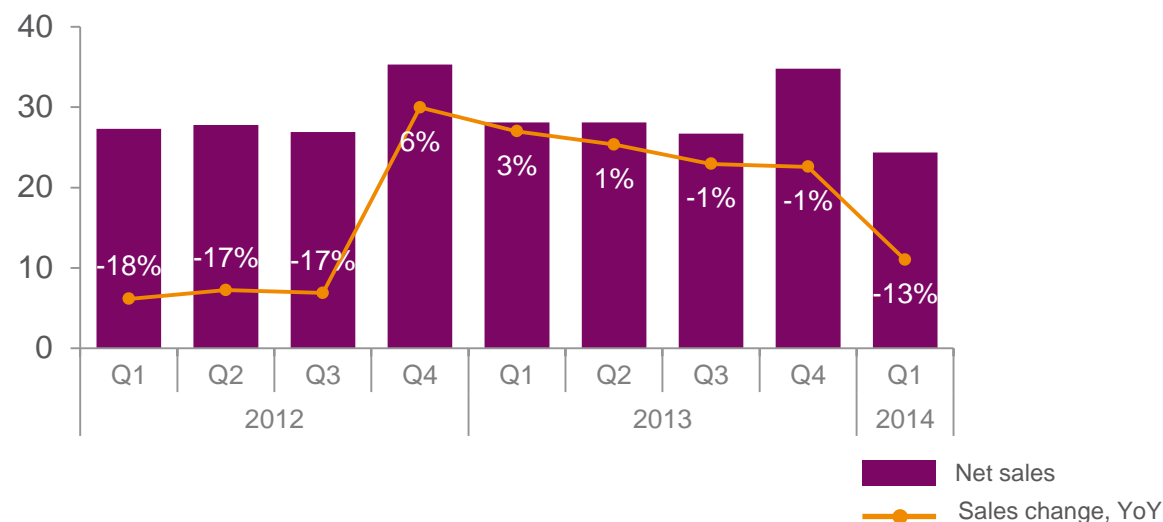
› Operating income SEK 2.5 (1.6) b.

- Large share of mobile broadband capacity business
- Higher IPR revenues
- Lower restructuring charges

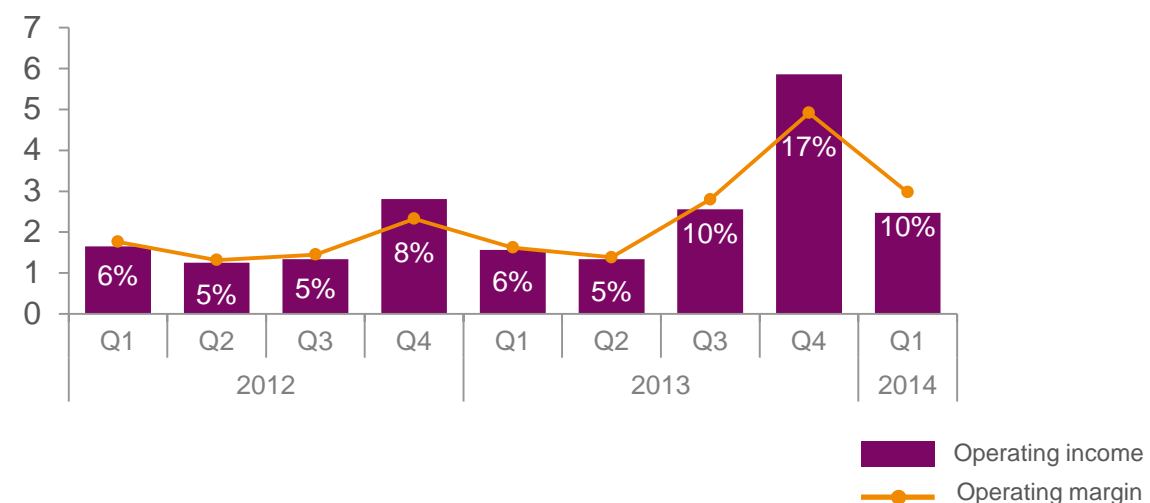
› Operating margin 10% (6%)

- Third consecutive quarter with double-digit margin

SEK b. Net sales and sales development



SEK b. Operating income and margin



GLOBAL SERVICES



› Business highlights

- Demand for professional services continued strong, several new contracts signed
- 16 new Managed Services contracts signed
- 9 significant Consulting and Systems Integration contracts signed

› Organic FX adjusted sales -3% YoY

- Growth in seven regions
- Professional Services reported sales +3%
- Network rollout (NRO) reported sales decline -23%
- Reduced activities in North America and Japan

› Sales decreased -25% QoQ

- Reduced activities in NRO

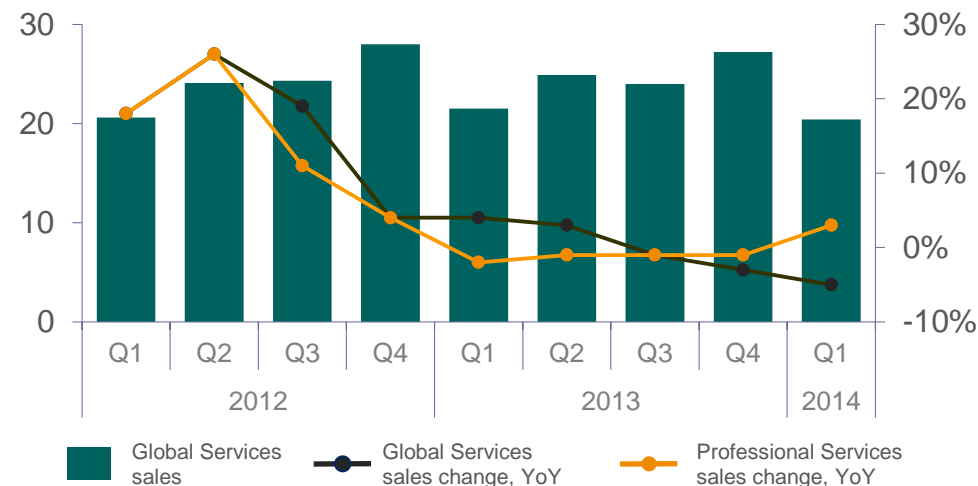
› Operating income SEK 1.0 (0.7) b.

- Lower sales and reduced losses in NRO
- Temporary project costs in North America impacted NRO
- Network modernization projects in Europe continued to trend down

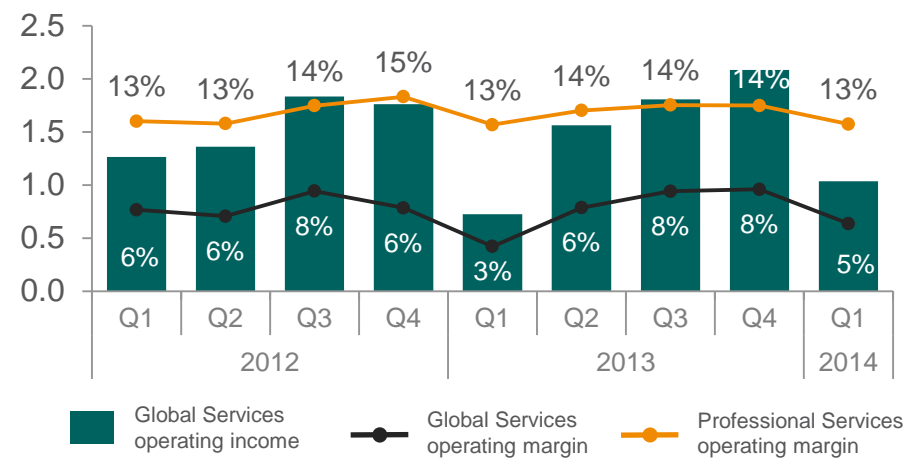
› Operating margin 5% (3%)

- Professional Services and NRO margin flat
- Margin improved due to lower NRO share

SEK b. Net sales and sales development



SEK b. Operating income and margin



SUPPORT SOLUTIONS



› Business highlights

- Azuki Systems acquired, strong customer interest in portfolio
- Important OSS and BSS contracts signed – CenturyLink and TeliaSonera

› Organic FX adjusted sales +4% YoY

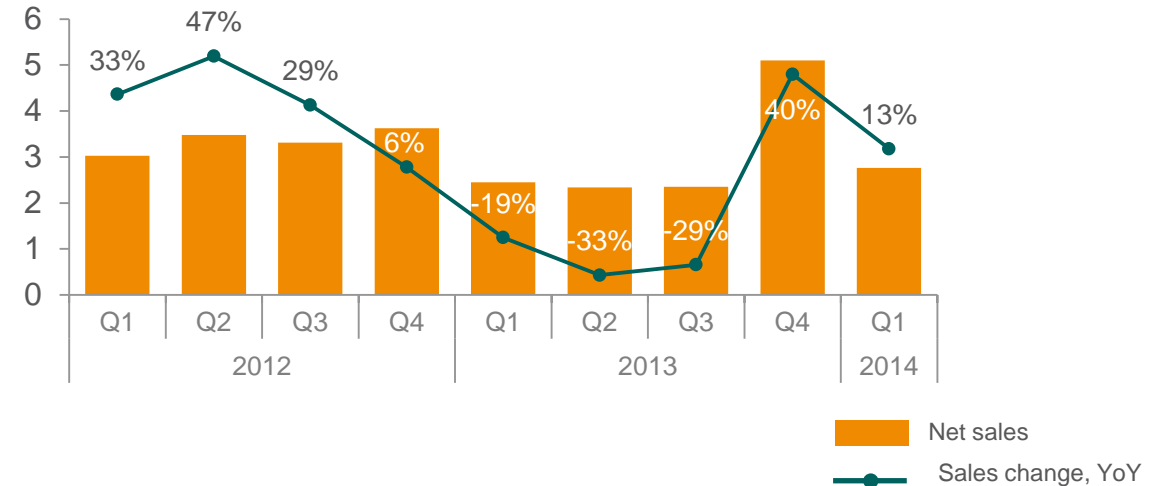
- Increased sales in OSS
- Mediaroom adding to sales, integration progressing as planned

› Sales decreased -46% QoQ

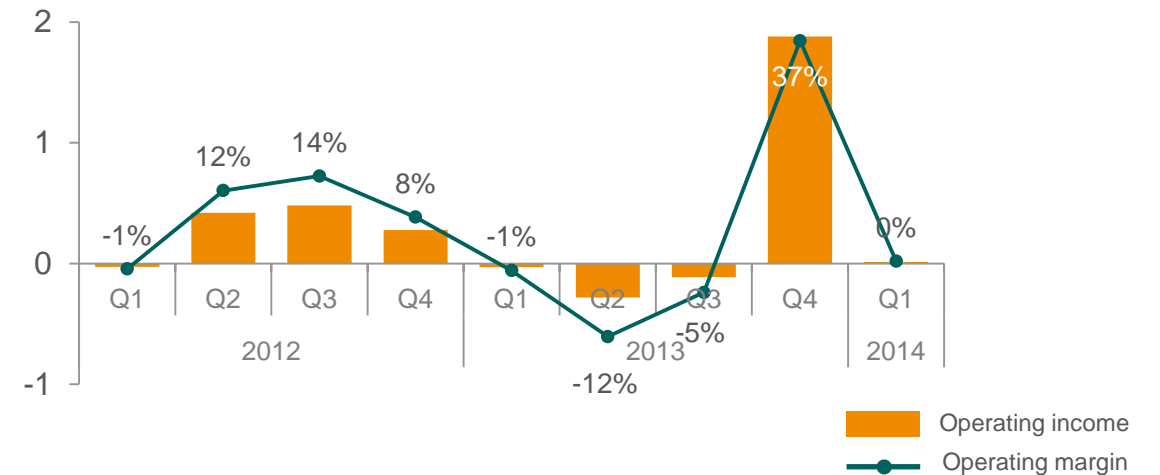
- Seasonally strong Q4 2013
- IPR revenue high in Q4

› Operating margin 0% (-1%)

SEK b. Net sales and sales development

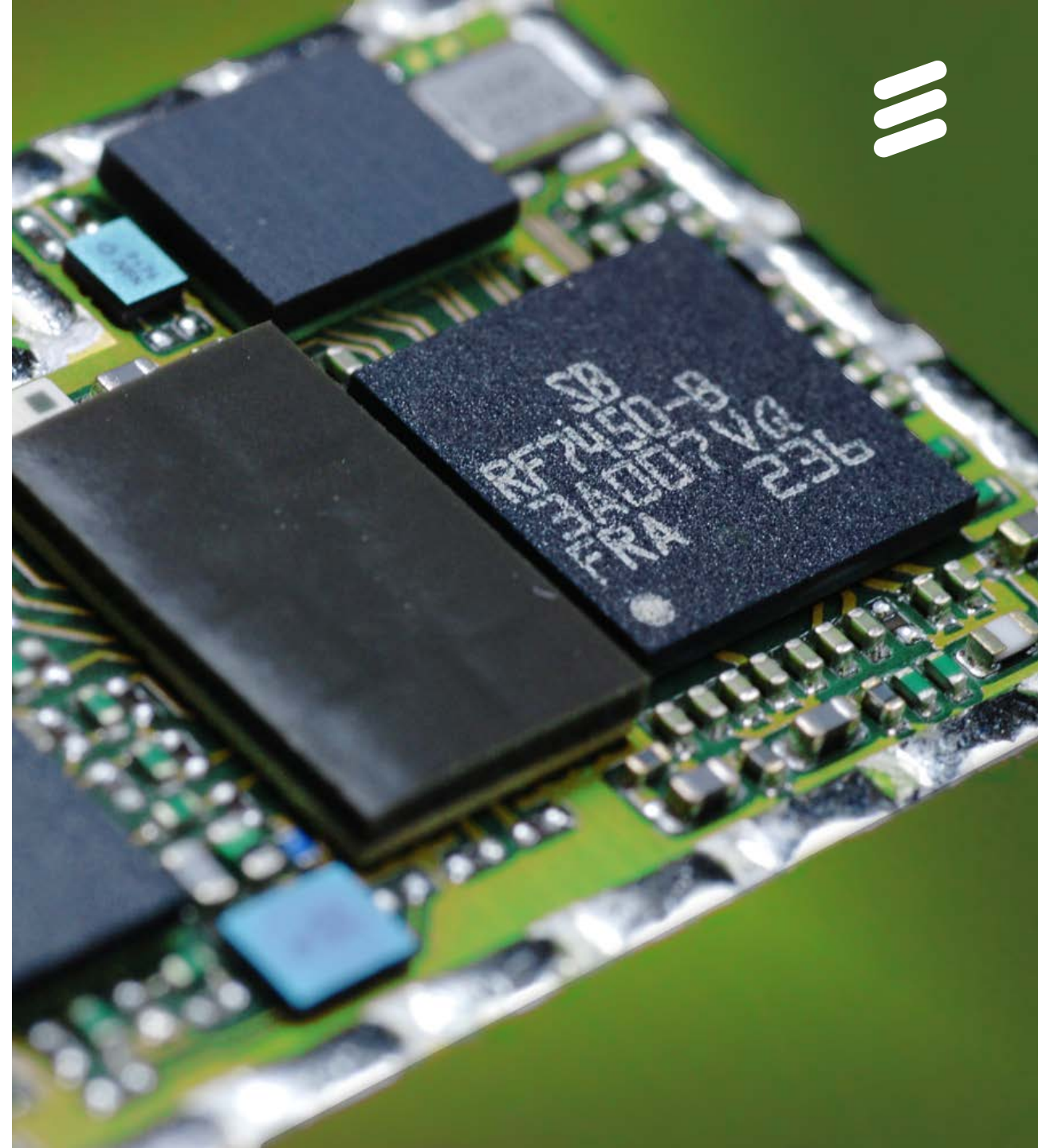


SEK b. Operating income and margin



MODEMS

- › Business highlights
 - M7450 released for commercial use in Q4 2013. Integration work ongoing with a tier one smartphone manufacturer
- › Net sales are expected 2H 2014
- › Segment Modems generated an operating loss of SEK 0.7 b. in the quarter
 - Mainly R&D expenses
- › Operating expenses for Modems in 2014 is estimated to SEK 2.6 b.



SUMMARY

- › As anticipated lower sales in North America and Japan
- › Large share of mobile broadband capacity projects and additional software sales
- › With current visibility, key contracts awarded will gradually impact sales and business mix, mainly in 2H
- › Focus on profitability pays off – the work continues
- › Ericsson well positioned to stay relevant to our customers in a transforming ICT market





Q&A



ERICSSON

FIRST QUARTER 2014

April 23, 2014

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.