

ERICSSON LM TELEPHONE CO

Form 6-K

July 21, 2011

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# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

## **FORM 6-K**

**REPORT OF FOREIGN ISSUER**

**Pursuant to Rule 13a-16 or 15d-16 of**

**the Securities Exchange Act of 1934**

**July 21, 2011**

## **LM ERICSSON TELEPHONE COMPANY**

**(Translation of registrant's name into English)**

**Torshamnsgatan 23, Kista**

**SE-164 83, Stockholm, Sweden**

**(Address of principal executive offices)**

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

Announcement of LM Ericsson Telephone Company, dated 21 July 2011, regarding its second quarter report 2011.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TELEFONAKTIEBOLAGET LM ERICSSON (PUBL)

By: */s/ CARL OLOF BLOMQVIST*  
**Carl Olof Blomqvist**  
**Senior Vice President and**  
**General counsel**

By: */s/ HENRY STÉNSON*  
**Henry Sténson**  
**Senior Vice President**  
**Corporate Communications**

Date: July 21, 2011

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SECOND QUARTER REPORT

July 21, 2011

## ERICSSON REPORTS SECOND QUARTER RESULTS

| SEK b.                                     | Second quarter     |                    |        | First quarter      |        | Six months         |                    |        |
|--|--------------------|--------------------|--------|--------------------|--------|--------------------|--------------------|--------|
|  | 2011 <sup>1)</sup> | 2010 <sup>2)</sup> | Change | 2011 <sup>1)</sup> | Change | 2011 <sup>1)</sup> | 2010 <sup>2)</sup> | Change |
| Net sales                                  | 54.8               | 48.0               | 14%    | 53.0               | 3%     | 107.7              | 93.1               | 16%    |
| Gross margin                               | 37.8%              | 39.0%              |        | 38.5%              |        | 38.1%              | 38.8%              |        |
| EBITA margin excl JVs                      | 11.4%              | 13.5%              |        | 14.1%              |        | 12.7%              | 13.2%              |        |
| Operating income excl JVs                  | 5.0                | 5.3                | -6%    | 6.3                | -20%   | 11.3               | 9.9                | 15%    |
| Operating margin excl JVs                  | 9.2%               | 11.1%              |        | 11.9%              |        | 10.5%              | 10.6%              |        |
| Ericsson's share in earnings in JVs        | -0.8               | -0.1               |        | -0.5               |        | -1.2               | -0.4               |        |
| Income after financial items               | 4.6                | 5.1                | -9%    | 5.8                | -21%   | 10.4               | 9.2                | 13%    |
| Net income                                 | 3.2                | 2.0                | 59%    | 4.1                | -21%   | 7.3                | 3.3                | 121%   |
| EPS diluted, SEK                           | 0.96               | 0.58               | 66%    | 1.27               | -24%   | 2.23               | 0.98               | 128%   |
| EPS (Non-IFRS), SEK <sup>3)</sup>          | 1.21               | 0.85               | 42%    | 1.52               | -20%   | 2.74               | 1.73               | 58%    |
| Adjusted operating cash flow <sup>4)</sup> | 7.0                | -2.0               |        | -2.1               |        | 4.9                | 1.0                |        |
| Cash flow from operations                  | 5.8                | -2.7               |        | -2.9               |        | 2.9                | -0.4               |        |

1) Numbers for 2011 are stated incl. restructuring charges of SEK 1.7 b in Q2 and SEK 0.4 b. in Q1

2) All numbers for 2010, excl. EPS, EPS (Non-IFRS), Net income and Cash flow from operations, are stated excl. restructuring charges. For details see section on restructuring under Financial Statements and Additional Information

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

4) Cash flow from operations excl. restructuring cash outlays that have been provided for

Group sales in the quarter increased by 14% year-over-year driven by a continued strong demand for mobile broadband. Sales were negatively impacted by the strong SEK and sales for comparable units, adjusted for currency and hedging, increased 27% year-over-year. The strong growth we have seen in the past quarters continued also this quarter, says Hans Vestberg, President and CEO of Ericsson (NASDAQ:ERIC).

Operating income, excluding joint ventures, decreased to SEK 5.0 (5.3) b. in the quarter negatively impacted by a one-off restructuring charge of SEK 1.3 b related to reduction of staff in Sweden. Net income amounted to SEK 3.2 (2.0) b., an increase of 59%.

In the quarter we saw a change in market mix where Brazil, China, Germany, Korea, and Russia showed especially strong growth both year-over-year and sequentially. The US maintained its high business activity although sequentially the networks business was somewhat slower while services continued to show good development.

Segment Networks sales grew 31% year-over-year. In addition to continued increased sales of mobile broadband, IP network product revenues showed strong development. Segment Global Services sales decreased -5% year-over-year primarily due to currency exchange rate effects. In local currencies Professional Services sales were almost flat. Managed Services sales were down compared to the second quarter 2010. The underlying fundamental growth drivers for the services business remain and customer interest is high. Segment Multimedia sales were down -2% year-over-year, however, with good traction for revenue management.

The impact from the earthquake and tsunami in Japan was limited in the second quarter due to successful mitigation activities. Our supply chain has recovered quicker than expected and lead times for our products are being gradually restored to normal levels.

The quarter was challenging for our joint ventures and both reported losses. Sony Ericsson's profitability was impacted by the earthquake in Japan resulting in supply chain constraints of close to 1.5 million units. There is a continued strong consumer and operator demand across the smartphone portfolio.

ST-Ericsson increased its loss in the quarter mainly due to recent changes in the market demand for feature phones, concludes Hans Vestberg.

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## FINANCIAL HIGHLIGHTS

**Income statement and cash flow**

Sales in the quarter amounted to SEK 54.8 (48.0) b., up 14% year-over-year and 3% sequentially. Sales for comparable units, adjusted for currency exchange rate effects and hedging, increased 27% year-over-year. Including acquired businesses sales increased further 2%-points. The strong growth we have seen in the past quarters continued also this quarter.

Reported numbers for the second quarter 2010 exclude restructuring charges of SEK 2.0 b., while reported numbers for the second quarter 2011 include restructuring charges of SEK 1.7 b. Of the charges, SEK 1.3 b. relates to headcount reductions in Sweden in mainly sales and administration. The cost reduction program was concluded and agreed with the unions in mid-June with a higher than targeted outcome on voluntary redundancies and a larger share of early retirements. All in all, the activities will result in a run-rate reduction with full impact in the fourth quarter 2011. Pay-back time is estimated at 2.5 years.

In the report for the fourth quarter 2010 Ericsson estimated restructuring charges for 2011 of approximately SEK 2 b. Restructuring charges for 2011 are now estimated to approximately SEK 3 b. due to the larger scope of the reductions in Sweden.

Gross margin in the quarter was down year-over-year at 37.8% (39.0%), and was slightly down from 38.5% sequentially. Restructuring charges related to activities in Sweden of SEK 0.1 b. impacted cost of sales. Year-over-year, margins were negatively impacted by 3G rollouts in India as well as network modernization projects in Europe. A lower share of services revenues had a positive impact. Sequentially, margins were negatively impacted by a change in project mix with a higher proportion of services, especially network rollout. In the first quarter 2011, sales and margins were positively impacted by a one-off revenue from the sale of patents of SEK 0.3 b.

SALES BY QUARTER

2010 AND 2011 (SEK B)

The network modernization projects in Europe, with their lower margins, will accelerate during the second half of 2011. Average project duration is expected to be 18-24 months.

Total operating expenses amounted to SEK 15.8 (13.9) b. R&D expenses amounted to SEK 8.1 (7.1) b., an increase by 14% year-over-year. The increase is a result of the planned higher investments in radio, such as TD-LTE and IP as well as the acquired LG-Ericsson operations. Selling and general administrative expenses (SG&A) amounted to SEK 7.7 (6.8) b., an increase by 15% year-over-year, representing 14% of sales. Excluding restructuring charges of SEK 1.2 b. related to activities in Sweden the SG&A to sales ratio was stable sequentially at 12% and down 2%-points year-over-year.

Other operating income and expenses amounted to SEK 0.2 (0.5) b. in the quarter.

Operating income, excluding joint ventures, decreased to SEK 5.0 (5.3) b. in the quarter negatively impacted by the one-off restructuring charge of SEK 1.3 b related to reduction of staff in Sweden. As a result, operating margin decreased to 9.2% (11.1%) year-over-year. Excluding the one-off restructuring charge operating margin amounted to 11.6%.

Ericsson's share in earnings of joint ventures, before tax, amounted to SEK -0.8 (-0.1) b., compared to SEK -0.5 b. in the first quarter 2011. Ericsson's share in Sony Ericsson's loss was SEK -0.2 b. and in ST-Ericsson SEK -0.7 b.

Financial net amounted to SEK 0.3 (-0.1) b. in the quarter. Financial net improved slightly sequentially from SEK 0.0 b. due to positive revaluation of financial assets due to changes in interest rates.

Net income improved year-over-year to SEK 3.2 (2.0) b. due to higher sales volumes and despite a negative impact from increased loss in joint ventures. Sequentially net income decreased from SEK 4.1 b. mainly due to the loss of SEK -0.8 b. in joint ventures and higher restructuring charges.



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Earnings per share were SEK 0.96 (0.58) in the quarter. Earnings per share, Non-IFRS, diluted, i.e. excluding amortizations and write-downs of acquired intangibles, were SEK 1.21 (0.85) in the second quarter, up 42%.

Adjusted operating cash flow was SEK 7.0 (-2.0) b. in the quarter. Cash flow from operations amounted to SEK 5.8 (-2.7) b. Cash outlays for restructuring amounted to SEK 1.2 (0.7) b. in the quarter. Cash outlays of SEK 2.6 b. remain to be made. In the quarter a dividend of SEK 7.2 b. was paid.

**Balance sheet and other performance indicators**

|   | June 30 | Mar 31 | Dec 31 |
|---|---------|--------|--------|
| SEK b.  | 2011    | 2011   | 2010   |
| Net cash  | 42.6    | 48.2   | 51.3   |
| Interest-bearing liabilities and post-employment benefits | 36.1    | 34.8   | 35.9   |
| Trade receivables   | 60.2    | 60.6   | 61.1   |
| Days sales outstanding                                    | 99      | 101    | 88     |
| Inventory   | 35.1    | 32.1   | 29.9   |
| Of which regional inventory                               | 22.5    | 21.1   | 18.7   |
| Inventory days  | 89      | 87     | 74     |
| Payable days  | 68      | 70     | 62     |
| Customer financing, net                                   | 4.0     | 4.2    | 4.4    |
| Return on capital employed                                | 13%     | 13%    | 10%    |
| Equity ratio  | 52%     | 53%    | 52%    |

Trade receivables were unchanged sequentially at SEK 60.2 (60.6) b. Days sales outstanding (DSO) decreased from 101 to 99 days sequentially.

Inventory increased sequentially by SEK 3.0 b. to SEK 35.1 (32.1) b. The inventory continued to be at a high level reflecting higher level of work in progress in the regions, continued ramp up of production of multi-standard radio, as well as a result of the mitigating activities taken in connection to the events in Japan. Inventory turnover days increased from 87 to 89 days.

Goodwill increased SEK 0.5 b. to SEK 26.3 (25.8) b. mainly due to acquisition of Guangdong Nortel Telecommunications Equipment Company Ltd. (GDNT).

Cash, cash equivalents and short-term investments amounted to SEK 78.7 (83.0) b. The net cash position decreased sequentially by SEK 5.6 b. to SEK 42.6 (48.2) b., mainly due to the dividend payout of SEK 7.2 b.

During the quarter approximately SEK 1.9 b. of provisions were utilized, of which SEK 1.2 b. related to restructuring. Additions of SEK 2.0 b. were made, of which SEK 1.4 b. related to restructuring. Reversals of SEK 0.5 b. were made. Provisions will fluctuate over time depending on business mix, market mix as well as technology shifts.

Total number of employees at the end of the quarter amounted to 97,929 (87,413), an increase by 6,383 from March 31, 2011. In the quarter, some 1,000 individuals joined Ericsson through acquisitions and approximately 4,500 related to our services business, mainly in Brazil, China, India and the US. Main reductions were made in countries in Western Europe.

On June 10, 2011, Moody's upgraded Ericsson's rating to A3 from Baa1, with a stable outlook.

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## SEGMENT RESULTS

## Networks

| SEK b.                     | Second quarter     |                    |            | First quarter      |           | Six months         |                    |            |
|----------------------------|--------------------|--------------------|------------|--------------------|-----------|--------------------|--------------------|------------|
|                            | 2011 <sup>1)</sup> | 2010 <sup>2)</sup> | Change     | 2011 <sup>1)</sup> | Change    | 2011 <sup>1)</sup> | 2010 <sup>2)</sup> | Change     |
| <b>Networks sales</b>      | <b>33.4</b>        | <b>25.5</b>        | <b>31%</b> | <b>33.2</b>        | <b>0%</b> | <b>66.6</b>        | <b>50.2</b>        | <b>33%</b> |
| EBITA margin <sup>3)</sup> | 16%                | 17%                |            | 20%                |           | 18%                | 16%                |            |
| Operating margin           | 14%                | 13%                |            | 17%                |           | 16%                | 13%                |            |

1) All numbers for 2011 are stated incl. restructuring charges of SEK 1.0 b. in Q2 and SEK 0.2 b. in Q1

2) All numbers for 2010 are stated excl. restructuring charges of SEK 0.9 b. in Q2 and SEK 1.5 b. in Q1

3) EBITA Earnings before interest, tax, amortizations and write-downs of acquired intangibles

Networks sales in the quarter were SEK 33.4 (25.5) b., negatively impacted by the strong SEK. The increase of 31% year-over-year was an effect of continued high mobile broadband sales and sales of IP network products such as packet core, IP routers and microwave based backhaul. Sequentially sales were flat. Regions Latin America, Northern Europe and Central Asia, China and North East Asia and Mediterranean showed growth while North America and Japan showed slower sales.

## SEGMENT SALES BY

QUARTER, 2010 AND 2011  
(SEK B)

The CDMA business continued to develop well. In China sales of GSM developed well driven by capacity needs. Korea developed favorably also this quarter driven by mobile broadband capacity investments.

EBITA margin in the quarter decreased year-over-year to 16% (17%) negatively impacted by one-off restructuring charges in Sweden and 3G rollouts in India. Sequentially EBITA decreased from 20% in the first quarter, negatively impacted by restructuring charges. In the first quarter 2011, sales and margins were positively impacted by a one-off revenue from the sale of patents of SEK 0.3 b.

**Global Services**

| SEK b.                           | Second quarter     |                    |            | First quarter      |           | Six months         |                    |            |
|----------------------------------|--------------------|--------------------|------------|--------------------|-----------|--------------------|--------------------|------------|
|                                  | 2011 <sup>1)</sup> | 2010 <sup>2)</sup> | Change     | 2011 <sup>1)</sup> | Change    | 2011 <sup>1)</sup> | 2010 <sup>2)</sup> | Change     |
| <b>Global Services sales</b>     | <b>19.0</b>        | <b>20.1</b>        | <b>-5%</b> | <b>17.4</b>        | <b>9%</b> | <b>36.5</b>        | <b>38.2</b>        | <b>-4%</b> |
| Of which Professional Services   | 13.5               | 14.8               | -9%        | 12.6               | 7%        | 26.0               | 28.1               | -7%        |
| <i>Of which Managed Services</i> | 4.7                | 5.6                | -16%       | 4.9                | -4%       | 9.6                | 10.5               | -8%        |
| Of which Network Rollout         | 5.6                | 5.2                | 6%         | 4.9                | 15%       | 10.4               | 10.1               | 3%         |
| EBITA margin <sup>3)</sup>       | 6%                 | 12%                |            | 7%                 |           | 7%                 | 12%                |            |
| Of which Professional Services   | 13%                | 15%                |            | 13%                |           | 13%                | 16%                |            |
| Operating margin                 | 5%                 | 12%                |            | 7%                 |           | 6%                 | 11%                |            |
| Of which Professional Services   | 12%                | 15%                |            | 12%                |           | 12%                | 15%                |            |

1) All numbers for 2011 are stated incl. restructuring charges of SEK 0.5 b. in Q2 and SEK 0.2 b. in Q1

2) All numbers for 2010 are stated excl. restructuring charges of SEK 1.0 b. in Q2 and SEK 0.7 b. in Q1

3) EBITA Earnings before interest, tax, amortizations and write-downs of acquired intangibles



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Global Services sales in the quarter were SEK 19.0 (20.1) b. a decrease of -5% year-over-year, and increased by 9% sequentially. The year-over-year decrease is a result of currency exchange rate effects. The sequential increase is mainly a result of increased sales of network rollout as well as consulting and system integration.

Professional Services sales were SEK 13.5 (14.8) b. in the quarter, down -9% year-over-year, negatively impacted by currency exchange rate and strong sales in the second quarter of 2010. Currency adjusted sales of Professional Services were almost flat year-over-year at 1%. Sequentially Professional Services increased by 7% with good sales in systems integration business.

Managed Services sales decreased by -16% year-over-year to SEK 4.7 (5.6) b. and were down -4% sequentially. Currency adjusted Managed Services sales decreased -5% year-over-year.

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Network Rollout sales amounted to SEK 5.6 (5.2) b. in the quarter, an increase of 6% year-over-year. Sequential sales increased 15% driven by high volumes of project deployments.

Global Services EBITA margin decreased in the quarter to 6% (12%) year-over-year and from 7% sequentially. Margin was negatively impacted by restructuring charges and a loss in Network Rollout following the effects of supply constraints in 2010, large 3G rollouts in India and modernization projects in Europe. The margin impact from restructuring charges was 3 %-points in the quarter.

EBITA margin for Professional Services was flat sequentially at 13% (13%). Margins were positively impacted by a higher proportion consulting and systems integration business and less managed services sales. During the quarter 24 new managed services contracts were signed, of which nine were extensions or expansions. Eleven new systems integration contracts were signed in the areas of OSS/BSS, Service Delivery Platforms and data center build projects.

Ericsson provides support for networks that serve more than two billion subscribers worldwide. The total number of subscribers in networks managed by Ericsson is more than 800 million, of which 450 million in network operation contracts and 350 million in field maintenance. The number of services professionals employed amounts to approximately 50,000.

**Multimedia**

| SEK b.                     | Second quarter     |                    |            | First quarter      |           | Six months         |                    |            |
|----------------------------|--------------------|--------------------|------------|--------------------|-----------|--------------------|--------------------|------------|
|                            | 2011 <sup>1)</sup> | 2010 <sup>2)</sup> | Change     | 2011 <sup>1)</sup> | Change    | 2011 <sup>1)</sup> | 2010 <sup>2)</sup> | Change     |
| <b>Multimedia sales</b>    | <b>2.4</b>         | <b>2.4</b>         | <b>-2%</b> | <b>2.3</b>         | <b>4%</b> | <b>4.7</b>         | <b>4.7</b>         | <b>-2%</b> |
| EBITA margin <sup>3)</sup> | -4%                | -5%                |            | -7%                |           | -5%                | -5%                |            |
| Operating margin           | -11%               | -13%               |            | -15%               |           | -13%               | -13%               |            |

<sup>1)</sup> All numbers for 2011 are stated incl. restructuring charges of SEK 0.1 b. in Q2 and SEK 0.0 b. in Q1

<sup>2)</sup> All numbers for 2010 are stated excl. restructuring charges of SEK 0.2 b. in Q2 and SEK 0.0 b. in Q1

<sup>3)</sup> EBITA Earnings before interest, tax, amortizations and write-downs of acquired intangibles

Multimedia sales in the quarter decreased -2% year-over-year and increased 4% sequentially. Revenue management developed favorably year-over-year while TV solutions continued to be weak. EBITA margin amounted to -4% (-5%). The improvement year-over-year and sequentially is an effect of introduced efficiency measures.

The Business Support Systems (BSS) and Operations Support Systems (OSS) markets are growing, driven by operator demand for business efficiency and operating expenses reductions, as well as quality of service. In addition, the uptake of mobile broadband and new connected devices drive demand for flexible and scalable support systems to monetize traffic and improve offerings. In order to further strengthen the position in the OSS/BSS area, Ericsson has announced it had reached an agreement to acquire Telcordia, a company with a key position in service fulfillment, assurance, network optimization and real-time charging.

**Table of Contents****Sony Ericsson**

| EUR m.  | Second quarter |       |        | First quarter |        | Six months |       |        |
|---|----------------|-------|--------|---------------|--------|------------|-------|--------|
|   | 2011           | 2010  | Change | 2011          | Change | 2011       | 2010  | Change |
| Number of units shipped (m.)                    | 7.6            | 11.0  | -31%   | 8.1           | -6%    | 15.8       | 21.5  | -27%   |
| Average selling price (EUR)                     | 156            | 160   | -3%    | 141           | 11%    | 148        | 147   | 1%     |
| Net sales                                       | 1,193          | 1,757 | -32%   | 1,145         | 4%     | 2,339      | 3,162 | -26%   |
| Gross margin                                    | 31%            | 28%   |        | 33%           |        | 32%        | 29%   |        |
| Operating margin                                | -3%            | 2%    |        | 2%            |        | -1%        | 2%    |        |
| Income before taxes                             | -42            | 31    |        | 15            |        | -27        | 50    |        |
| Income before taxes, excl restructuring charges | -42            | 63    |        | 15            |        | -27        | 84    |        |
| Net income                                      | -50            | 12    |        | 11            |        | -40        | 33    |        |
| Operating cash flow                             | -224           | 29    |        | -353          |        | -577       | -65   |        |

Sony Ericsson's second quarter profitability was affected by the earthquake and tsunami in Japan. The impact on sales volumes is estimated to close to 1.5 million units, with most of the effect in the early part of the quarter. The company's shift to Android-based smartphones continues, now representing more than 70% of total sales.

Cash flow from operating activities during the quarter was negative EUR -224 million, mainly due to negative income, timing of certain payments, and sequential increases in accounts receivable and inventories. New external borrowings of EUR 165 million were made in the quarter resulting in total borrowings of EUR 769 million on June 30, 2011. Total cash balances amounted to EUR 516 million.

Sony Ericsson estimates that its share in the global Android-based smartphone market during the quarter was approximately 11% in volume as well as in value.

Ericsson's share in Sony Ericsson's income before tax was SEK -0.2 (0.1) b. in the quarter.

**ST-Ericsson**

| USD m.                                  | Second quarter |      |        | First quarter |        |
|---|----------------|------|--------|---------------|--------|
|   | 2011           | 2010 | Change | 2011          | Change |
| Net sales                               | 385            | 544  | -29%   | 444           | -13%   |
| Adjusted operating income <sup>1)</sup> | -181           | -118 | -53%   | -149          | -21%   |
| Operating income                        | -222           | -148 | -50%   | -178          | -25%   |
| Net income                              | -221           | -139 | -59%   | -178          | -24%   |

<sup>1)</sup> Operating income adjusted for amortization of acquired intangibles and restructuring charges

ST-Ericsson's sales were negatively impacted by continuous decline in sale of legacy products. The net financial position at the end of the quarter was negative USD -427 (-195) m. The operating loss increased sequentially primarily due to lower sales volumes. ST-Ericsson is reported in US GAAP and Ericsson's share in ST-Ericsson's income before tax, adjusted to IFRS, was SEK -0.7 (-0.4) b. in the quarter.

By the end of the quarter ST-Ericsson had utilized USD 445 m. of a short-term credit facility granted on a 50/50 basis by the parent companies.

ST-Ericsson is currently in a shift from legacy to new products, which in the quarter represented more than 45% of total sales.

Lately, the short to midterm uncertainty in the market has increased due to changes in the business environment and has reduced demand for legacy products at certain customers. As a result the company's path to breakeven is expected to take longer than the previously anticipated second quarter 2012.

Ericsson is committed to support the execution of ST-Ericsson's business plan and we still believe in the company's recovery to profitability and positive operating cash flows. However, in the event of a significant worsening of the current market conditions, we may consider additional

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actions to improve performance. Under this scenario the value of ST-Ericsson for Ericsson may be lower than the current carrying amount of the investment on our books. We will continuously monitor ST-Ericsson's business evolution and will value the situation on a quarterly basis.

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## REGIONAL OVERVIEW

| Sales, SEK b.                    | Second quarter |             |            | First quarter |           | Six months   |             |            |
|----------------------------------|----------------|-------------|------------|---------------|-----------|--------------|-------------|------------|
|                                  | 2011           | 2010        | Change     | 2011          | Change    | 2011         | 2010        | Change     |
| North America                    | 12.3           | 13.1        | -6%        | 13.2          | -6%       | 25.5         | 22.5        | 13%        |
| Latin America                    | 4.9            | 4.2         | 17%        | 4.0           | 23%       | 8.9          | 8.2         | 10%        |
| Northern Europe and Central Asia | 4.6            | 2.7         | 70%        | 3.4           | 35%       | 7.9          | 5.0         | 59%        |
| Western and Central Europe       | 4.3            | 4.4         | -2%        | 4.8           | -10%      | 9.1          | 9.6         | -5%        |
| Mediterranean                    | 5.5            | 5.6         | -2%        | 4.8           | 16%       | 10.3         | 10.7        | -3%        |
| Middle East                      | 3.5            | 3.8         | -7%        | 3.1           | 16%       | 6.6          | 7.7         | -15%       |
| Sub-Saharan Africa               | 2.2            | 3.0         | -25%       | 2.2           | 0%        | 4.4          | 5.4         | -18%       |
| India                            | 2.8            | 1.4         | 107%       | 3.2           | -12%      | 6.0          | 3.7         | 63%        |
| China and North East Asia        | 9.0            | 4.6         | 96%        | 8.6           | 5%        | 17.7         | 9.6         | 85%        |
| South East Asia and Oceania      | 3.0            | 3.6         | -17%       | 3.1           | -2%       | 6.1          | 8.2         | -14%       |
| Other                            | 2.5            | 1.6         | 49%        | 2.6           | -6%       | 5.1          | 3.5         | -43%       |
| <b>Total</b>                     | <b>54.8</b>    | <b>48.0</b> | <b>14%</b> | <b>53.0</b>   | <b>3%</b> | <b>107.7</b> | <b>93.1</b> | <b>16%</b> |

**North America** sales decreased -6% year-over-year, negatively impacted by a strong SEK, and -6% sequentially. The US maintained its high business activity although sequentially the networks business was somewhat slower after a period of high operator investments in network capacity. However, services continued to show good development.

**Latin America** sales increased 17% year-over-year and 23% sequentially. In the quarter network expansions took place as well as new managed services contracts. Ericsson is delivering the first HSPA+ Dual Carrier network in Latin America, for Entel in Chile. New contracts for revenue assurance, billing and charging and IPTV were also signed. Operators' longer term plans rely on IPTV, LTE and MVNOs. Managed services remain a strong trend in the whole region and Telefónica Brazil chose Ericsson to provide managed services for field maintenance in Sao Paulo.

**Northern Europe and Central Asia** sales increased 70% year-over-year and 35% sequentially. There was strong coverage related demand for mobile broadband in Russia. Major network rollouts with larger operators continued to drive network and services sales in the quarter. Mobile data remains the main source of operator revenue growth. The Telenor managed services agreement signed in the quarter creates an important footprint in the Nordic part of the region.

**Western and Central Europe** sales decreased -2% year-over-year and -10% sequentially. Pressure on overall mobile service revenues in the region is leading to network sharing and outsourcing initiatives. Demand for mobile broadband continues to be strong. Network modernization, including deployment of multi-standard radio, has started and rollout will accelerate during the second half of 2011. In the quarter, Ericsson was selected exclusive provider of next generation packet core by Telekom Austria Group for the Austrian and Slovenian markets.

**Mediterranean** sales decreased -2% year-over-year and increased 16% sequentially, negatively impacted by the political unrest in North Africa and the macroeconomic environment in Greece. Modernization projects are underway in Spain and Italy. Investments in mobile broadband are becoming a priority for operators as data traffic continues to grow driven by smartphone usage. Managed services also developed favorably in the quarter across the region with for example a contract for field operations with Vodafone Italy. Tenders for 4G/LTE spectrum are about to be concluded in Spain and we expect similar tenders to be initiated in Italy.

**Middle East** sales decreased -7% year-over-year and increased 16% sequentially. Political unrest continued to impact sales development in the region. 2G sales were weak in the quarter, while mobile broadband sales continued to develop positively across the region. Operators are looking into opportunities to reducing their operating expenses, resulting in a positive development for managed services both year-over-year and sequentially.

**Sub-Saharan Africa** sales decreased by -25% year-over-year, and were flat sequentially. Subscriber growth is accelerating both in 2G and 3G networks, driving needs for investments. Mobile broadband is picking up, however from low levels.

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**India** sales increased 107% year-over-year and decreased -12% sequentially. Sales were driven by continued 3G deployments and initial 3G rollouts have now reached a temporary peak following a period of intense deployments. The year-over-year comparison is easy due to a slow market following license auctions and security clearance process first half 2010. Broadband Wireless Access (BWA) license holders are currently deciding on vendors for their TD-LTE networks where initial roll-outs are expected at the end of the year.

**China and North East Asia** sales increased 96% year-over-year and 5% sequentially. Also in this quarter, the strong year-over-year increase is mainly related to growth in mobile broadband in Japan, 2G expansions in China and sales growth from Korea. In Korea mobile data traffic is expected to triple in 2011. Japan had a tough sequential comparison, but underlying fundamentals of increasing mobile data traffic remain. Ericsson continues to be engaged in a large scale TD-LTE trial with China Mobile.

**South East Asia and Oceania** sales decreased -17% year-over-year and -2% sequentially. Political factors, investment slowdown in several markets and operator consolidation continued to impact the development in the region. Mobile data traffic continues to grow across the region and the introduction of social media-enabled 2G phones is also starting to have an impact. There are some early examples of tiered pricing in Australia and Indonesia. Across the region operators are looking into replacing older equipment with multi-standard radio.

**Other** includes sales of for example embedded modules, cables, power modules as well as licensing and IPR.

## MARKET DEVELOPMENT

*Growth rates are based on Ericsson and market estimates*

### Addressable markets

The addressable **service provider network equipment market** was estimated to be around USD 95 b. in 2010, and to show 3-5% CAGR 2010-2013.

The **mobile networks market**, excluding WiMax, OSS and site solutions, is estimated to grow with a 6-8% CAGR 2010-2013, evidenced by very strong demand for mobile broadband related equipment in the first quarter of 2011. Ericsson grew its market share in radio access during the first quarter 2011, both measured in terms of shipped volumes and value.

The addressable **telecom services market** was in the range of USD 96-101 b. in 2010, with an estimated CAGR of 6-8% 2010-2013. Operators focus on efficiency drives interest in exploring business models such as managed operations, network sharing and network IT transformation. Estimates show that only around 35-40% of addressable operator network operating expenditure is spent externally on telecom services today. This leaves significant continued opportunities, particularly for managed services.

In 2010, the **telecom OSS/BSS market for software and systems integration** was valued at about USD 35 b. and is expected to show a CAGR in the range of 6-8% 2010-2013. The OSS/BSS systems integration market is also included in the telecom services market and should not be double-counted.

### Industry development

WCDMA/HSPA networks cover around 40% of the world's population, while LTE networks only cover a few percentages. WCDMA/HSPA will remain the leading mobile access technology for many years to come, in terms of global investment, despite the fact that 4G/LTE is being rolled out and launched. By the end of Q2, just above twenty LTE networks had been commercially launched, to be compared with around 400 launched HSPA networks.

Further buildout of HSPA coverage, to reach into the remaining 60% of the population, will be driven by the availability of affordable handsets, as well as the surge in mobile broadband services and faster speeds. Around 30% of the commercial HSPA networks have yet to be upgraded to a peak speed of 7.2 Mbps or above. In the second quarter, we saw a wave of upgrades to 42 Mbps, the highest speed currently commercially available.

Data traffic uptake in mobile and fixed networks drives need for higher capacity in areas such as backhaul, aggregation, transport, and routing based on IP and Ethernet technologies. With operators' focus on increased network quality and efficiency, the ability to deal with high data volumes while maintaining telecom grade service levels is key. This enables operators to provide premium quality and differentiating offerings to the end users. Recognizing that quality of service is becoming more important, some operators now differentiate by deploying superior

networks emphasizing end user experience and quality. This also drives demand for services targeting the

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operational efficiency of operators, such as consulting, including network optimization, systems integration and managed services.

Yearly WCDMA/HSPA radio access network investments passed GSM investments in 2009, eight years after the 3G introduction in Western Europe. Co-existence of GSM, WCDMA/HSPA, CDMA2000 and 4G/LTE and increasing number of frequency bands pave the way for investments in multi-standard solutions and networks modernization.

**End user trends**

Global mobile penetration is 81% and total mobile subscriptions have reached 5.7 billion. Year over year growth was roughly 15%. India and China accounted for more than 50% of the estimated 185 million net additions during the second quarter, adding around 63 and 30 million respectively. Indonesia and Brazil were third and fourth countries in terms of net additions. China has now passed 900 million subscriptions

Global fixed broadband subscriptions grew by 15 million new subscriptions to reach 537 million during the first quarter 2011, mainly boosted by strong growth in DSL in China. China accounted for more than 40% of all net additions. DSL represents more than 60% of all fixed broadband subscriptions, while Fiber-to-the-Home/B represents around 15%.

|                                | Unit    | Second quarter |      |        | Full year |      |      |      | Ericsson forecast |      |
|--------------------------------|---------|----------------|------|--------|-----------|------|------|------|-------------------|------|
|                                |         | 2010           | 2011 | Change | 2006      | 2007 | 2008 | 2009 | 2010              | 2011 |
| Mobile subscriptions           | Billion | 4.9            | ~5.7 | ~15%   | 2.7       | 3.3  | 4.0  | 4.6  | ~5.3              | ~6.1 |
| Net additions                  | Million | ~170           | ~185 | ~10%   | 500       | 620  | 660  | 640  | ~710              | ~750 |
| Mobile broadband <sup>1)</sup> | Million | ~470           | ~760 | ~60%   | 55        | 130  | 220  | 360  | ~600              | ~900 |
| Net additions                  | Million | ~50            | ~80  | ~60%   | 30        | 70   | 90   | 150  | ~250              | ~300 |

1) Mobile broadband includes handset, tablets and mobile PC for the following technologies: HSPA, LTE, CDMA2000 EVDO, TD-SCDMA and WiMax

Tiered pricing for mobile broadband is now a reality, as many operators today have evolved beyond flat-rate unlimited data models and introduced segmented price plans, such as volume-, time- or speed-based plans. Segmented data price plans intend to attract a wide variety of data users and differentiate the offering, in order to maximize data revenues and to grow total service revenues.

On average in a mobile network, a smartphone generates approximately 10 times more data traffic compared to a normal feature phone, while a mobile PC user generates 100 times more traffic than a feature phone. Tablets appear to be closer to smartphones than mobile PCs in terms of generated mobile data traffic. There are indications of higher than average per-device traffic in several networks, e.g. in the US, and traffic profiles per user do vary considerably between networks and markets. In addition, the amount of traffic generated over WiFi varies between different types of devices.

**PARENT COMPANY INFORMATION**

Income after financial items was SEK 4.7 (4.8) b. Major changes in the Parent Company's financial position for the six-month period include; decreased cash, cash equivalents and short-term investments of SEK 10.0 b., increased current and non-current receivables from subsidiaries of SEK 2.2 b. and decreased current liabilities to subsidiaries of SEK 3.4 b. During the second quarter the dividend payment of SEK 7.2 b., as decided by the Annual General Meeting, has been made. At the end of the quarter, cash, cash equivalents and short-term investments amounted to SEK 61.6 (71.6) b. Guarantees to Sony Ericsson Mobile Communications AB were unchanged in the quarter and are reported as contingent liabilities and amounted to SEK 2.1 (1.1) b. During the quarter ST-Ericsson utilized USD 75.5 million resulting in a balance of USD 192.5 million of the short-term parent credit facility by June 30, 2011.

In accordance with the conditions of the long-term variable compensation program (LTV) for Ericsson employees, 1,981,533 shares from treasury stock were sold or distributed to employees during the second quarter. The holding of treasury stock at June 30, 2011, was 68,481,170 Class B shares.





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### OTHER INFORMATION

#### **Acquisition of Telcordia**

On June 14, 2011, Ericsson announced it had reached an agreement to acquire Telcordia, a company with a key position in service fulfillment, assurance, network optimization and real-time charging. Ericsson will acquire 100 percent of the shares in Telcordia for USD 1.15 billion in an all-cash transaction, on a cash and debt-free basis. Closing is anticipated to fourth quarter 2011 with full effect in first quarter 2012.

Approximately 2,600 employees are to join Ericsson as part of the transaction. The transaction is subject to customary regulatory approvals and is expected to be accretive to Ericsson earnings within 12 months after closing.

#### **Closing of acquisition of GDNT**

On May 12, 2011, Ericsson announced the completion of the asset purchase agreement to acquire certain assets of the Guangdong Nortel Telecommunications Equipment Company Ltd. (GDNT).

#### **Nortel patent portfolio**

On July 1, 2011, Ericsson stated that, as announced separately by Nortel Networks Corporation, a consortium of leading technology companies of which Ericsson is a part, had emerged as the winning bidder for all of Nortel's remaining patents and patent applications for a cash purchase price of USD 4.5 b. The transaction is expected to close in the third quarter of 2011. Ericsson's contribution to the transaction was USD 340 million.

#### **Appointment of Ericsson's Nomination Committee**

On June 1, 2011, Ericsson announced the composition of the Nomination Committee for 2011.

#### **Appointments to Ericsson's Executive Leadership Team**

On May 17, 2011, Helena Norrman was appointed head of Communications and member of Ericsson's Executive Leadership Team. The appointment was effective as of May 23, 2011.

On June 7, 2011, Per Borgklint was appointed head of business unit Multimedia and member of Ericsson's Executive Leadership Team. The appointment was effective from the same day.

#### **Assessment of risk environment**

Ericsson's operational and financial risk factors and uncertainties along with our strategies and tactics to mitigate risk exposures or limit unfavorable outcomes are described in our Annual Report 2010. Compared to the risks described in the Annual Report 2010, no material new or changed risk factors or uncertainties have been identified in the quarter.

Risk factors and uncertainties in focus during the forthcoming six-month period for the Parent Company and the Ericsson Group include:

Potential negative effects on operators' willingness to invest in network development due to a increased uncertainty in the financial markets and a weak economic business environment as well as uncertainty regarding the financial stability of suppliers, for example due to lack of financing, or reduced consumer telecom spending, or increased pressure on us to provide financing;

Effects on gross margins and/or working capital of the product mix in the Networks segment between sales of software, upgrades and extensions as well as break-in contracts;

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Effects on gross margins of the product mix in the Global Services segment including proportion of new network build-outs and share of new managed services deals with initial transition costs;

A continued volatile sales pattern in the Multimedia segment or variability in our overall sales seasonality could make it more difficult to forecast future sales;

Effects of the ongoing industry consolidation among our customers as well as between our largest competitors, e.g. with postponed investments and intensified price competition as a consequence;

Results and capital needs of our two major joint ventures Sony Ericsson and ST-Ericsson;

Changes in foreign exchange rates, in particular USD and EUR;

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Political unrest or instability in certain markets;

Effects on production and sales from restrictions with respect to timely and adequate supply of materials, components and production capacity and other vital services on competitive terms;

Natural disasters, effecting production, supply and transportation.

Ericsson conducts business in certain countries which are subject to trade restrictions or which are focused on by certain investors. We stringently follow all relevant regulations and trade embargos applicable to us in our dealings with customers operating in such countries. Moreover, Ericsson operates globally in accordance with Group level policies and directives for business ethics and conduct. In no way should our business activities in these countries be construed as supporting a particular political agenda or regime. We have activities in such countries mainly due to that certain customers with multi-country operations put demands on us to support them in all their markets.

Stockholm, July 21, 2011

Telefonaktiebolaget LM Ericsson (publ)

Date for next report: October 20, 2011

Ericsson Second Quarter Report 2011

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BOARD ASSURANCE

The Board of Directors and the CEO certify that the financial report for the six months gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, July 21, 2011

Telefonaktiebolaget LM Ericsson (publ)

Org. Nr. 556016-0680

|                             |                                |                            |
|-----------------------------|--------------------------------|----------------------------|
| <i>Sverker Martin-Löf</i>   | <i>Leif Johansson</i>          | <i>Jacob Wallenberg</i>    |
| <i>Deputy chairman</i>      | <i>Chairman</i>                | <i>Deputy chairman</i>     |
| <i>Roxanne S. Austin</i>    | <i>Sir Peter L. Bonfield</i>   | <i>Anders Nyrén</i>        |
| <i>Member of the board</i>  | <i>Member of the board</i>     | <i>Member of the board</i> |
| <i>Börje Ekholm</i>         | <i>Ulf J. Johansson</i>        | <i>Nancy McKinstry</i>     |
| <i>Member of the board</i>  | <i>Member of the board</i>     | <i>Member of the board</i> |
| <i>Carl-Henric Svanberg</i> |                                | <i>Michelangelo Volpi</i>  |
| <i>Member of the board</i>  |                                | <i>Member of the board</i> |
| <i>Pehr Claesson</i>        | <i>Jan Hedlund</i>             | <i>Karin Åberg</i>         |
| <i>Member of the board</i>  | <i>Member of the board</i>     | <i>Member of the board</i> |
|                             | <i>Hans Vestberg</i>           |                            |
|                             | <i>Member of the board and</i> |                            |
|                             | <i>President and CEO</i>       |                            |

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### AUDITORS' REVIEW REPORT

We have reviewed this report for the period January 1, 2011, to June 30, 2011, for Telefonaktiebolaget LM Ericsson (publ). The board of directors and the CEO are responsible for the preparation and presentation of this financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this financial information based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, July 21, 2011

PricewaterhouseCoopers AB

Peter Nyllinge

Authorised Public Accountant

### EDITOR'S NOTE

To read the complete report with tables, please go to:

[www.ericsson.com/investors/res/docs/q-reports/2011/6month11-en.pdf](http://www.ericsson.com/investors/res/docs/q-reports/2011/6month11-en.pdf)

Ericsson invites media, investors and analysts to a press conference at the Ericsson Studio, Grönlandsgången 4, Stockholm, at 09.00 (CET), July 21, 2011. An analysts, investors and media conference call will begin at 15.30 (CET).

Live webcast of the press conference and conference call as well as supporting slides will be available at [www.ericsson.com/press](http://www.ericsson.com/press) and [www.ericsson.com/investors](http://www.ericsson.com/investors)

Video material will be published during the day on [www.ericsson.com/broadcast\\_room](http://www.ericsson.com/broadcast_room)

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Disclosure Pursuant to the Swedish Securities Markets Act

Ericsson discloses the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 07.30 CET, on July 21, 2011.

Safe Harbor Statement of Ericsson under the US Private Securities Litigation Reform Act of 1995;

All statements made or incorporated by reference in this release, other than statements or characterizations of historical facts, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Forward-looking statements can often be identified by words such as anticipates, expects, intends, plans, predicts, believes, seeks, estimates, may, will, should, would, potential, continuing, or variations of these words, and include, among others, statements regarding: (i) strategies, outlook and growth prospects; (ii) positioning to deliver future plans and to realize potential for future growth; (iii) liquidity and capital resources and expenditure, and our credit ratings; (iv) growth in demand for our products and services; (v) our joint venture activities; (vi) economic outlook and industry trends; (vii) developments of our markets; (viii) the impact of regulatory initiatives; (ix) research and development expenditures; (x) the strength of our competitors; (xi) future cost savings; (xii) plans to launch new products and services; (xiii) assessments of risks; (xiv) integration of acquired businesses; (xv) compliance with rules and regulations and (xvi) infringements of intellectual property rights of others.

In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These forward-looking statements speak only as of the date hereof and are based upon the information available to us at this time. Such information is subject to change, and we will not necessarily inform you of such changes. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors. Important factors that may cause such a difference for Ericsson include, but are not limited to: (i) material adverse changes in the markets in which we operate or in global economic conditions; (ii) increased product and price competition; (iii) reductions in capital expenditure by network operators; (iv) the cost of technological innovation and increased expenditure to improve quality of service; (v) significant changes in market share for our principal products and services; (vi) foreign exchange rate or interest rate fluctuations; and (vii) the successful implementation of our business and operational initiatives.



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## Consolidated Income Statement

| SEK million  | Apr -Jun<br>2010 | 2011           | Change     | Jan -Jun<br>2010 | 2011           | Change      |
|--|------------------|----------------|------------|------------------|----------------|-------------|
| Net sales  | 47,972           | 54,770         | 14%        | 93,084           | 107,736        | 16%         |
| Cost of sales  | -30,235          | -34,064        | 13%        | -58,762          | -66,642        | 13%         |
| <b>Gross income</b>  | <b>17,737</b>    | <b>20,706</b>  | <b>17%</b> | <b>34,322</b>    | <b>41,094</b>  | <b>20%</b>  |
| Gross margin (%)   | 37.0%            | 37.8%          |            | 36.9%            | 38.1%          |             |
| Research and development expenses  | -7,751           | -8,108         | 5%         | -15,277          | -16,099        | 5%          |
| Selling and administrative expenses  | -7,158           | -7,741         | 8%         | -14,166          | -14,182        | 0%          |
| <b>Operating expenses</b>  | <b>-14,909</b>   | <b>-15,849</b> | <b>6%</b>  | <b>-29,443</b>   | <b>-30,281</b> | <b>3%</b>   |
| Other operating income and expenses  | 500              | 166            | -67%       | 802              | 509            | -37%        |
| <b>Operating income before shares in earnings of JV and associated companies</b> | <b>3,328</b>     | <b>5,023</b>   | <b>51%</b> | <b>5,681</b>     | <b>11,322</b>  | <b>99%</b>  |
| Operating margin before shares in earnings of JV and associated companies (%)    | 6.9%             | 9.2%           |            | 6.1%             | 10.5%          |             |
| Shares in earnings of JV and associated companies                                | -308             | -771           | 150%       | -680             | -1,239         | 82%         |
| <b>Operating income</b>  | <b>3,020</b>     | <b>4,252</b>   | <b>41%</b> | <b>5,001</b>     | <b>10,083</b>  | <b>102%</b> |
| Financial income   | 470              | 977            |            | 748              | 1,279          |             |
| Financial expenses   | -596             | -636           |            | -1,034           | -942           |             |
| <b>Income after financial items</b>  | <b>2,894</b>     | <b>4,593</b>   |            | <b>4,715</b>     | <b>10,420</b>  |             |
| Taxes  | -867             | -1,377         |            | -1,414           | -3,124         |             |
| <b>Net income</b>  | <b>2,027</b>     | <b>3,216</b>   |            | <b>3,301</b>     | <b>7,296</b>   |             |
| Net income attributable to:  |                  |                |            |                  |                |             |
| - Stockholders of the Parent Company   | 1,881            | 3,116          |            | 3,145            | 7,219          |             |
| - Non-controlling interests  | 146              | 100            |            | 156              | 77             |             |
| Other information  |                  |                |            |                  |                |             |
| Average number of shares, basic (million)  | 3,196            | 3,204          |            | 3,196            | 3,203          |             |
| Earnings per share, basic (SEK) <sup>1)</sup>                                    | 0.59             | 0.97           |            | 0.98             | 2.25           |             |
| Earnings per share, diluted (SEK) <sup>1)</sup>                                  | 0.58             | 0.96           |            | 0.98             | 2.23           |             |
| Statement of Comprehensive Income  |                  |                |            |                  |                |             |

| SEK million  | Apr -Jun<br>2010 | 2011         | Jan -Jun<br>2010 | 2011         |
|--|------------------|--------------|------------------|--------------|
| <b>Net income</b>  | <b>2,027</b>     | <b>3,216</b> | <b>3,301</b>     | <b>7,296</b> |
| <b>Other comprehensive income</b>  |                  |              |                  |              |
| Actuarial gains and losses, and the effect of the asset ceiling, related to pensions | -242             | -1,737       | -515             | -1,349       |
| Revaluation of other investments in shares and participations                        |                  |              |                  |              |
| Fair value remeasurement   | 9                | 1            | 9                | 0            |

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|  |              |              |              |               |
|--|--------------|--------------|--------------|---------------|
| Cash flow hedges   |              |              |              |               |
| Gains/losses arising during the period   | -1,747       | 138          | -1,584       | 1,762         |
| Reclassification adjustments for gains/losses included in profit or loss       | 334          | -1,198       | 44           | -2,119        |
| Adjustments for amounts transferred to initial carrying amount of hedged items | -136         | 0            | -136         | 0             |
| Changes in cumulative translation adjustments                                  | 3,075        | 1,143        | 2,524        | -2,274        |
| Share of other comprehensive income on JV and associated companies             | 680          | 128          | 636          | -616          |
| Tax on items relating to components of other comprehensive income              | 476          | 666          | 487          | 444           |
| <b>Total other comprehensive income</b>  | <b>2,449</b> | <b>-859</b>  | <b>1,465</b> | <b>-4,152</b> |
| <b>Total comprehensive income</b>  | <b>4,476</b> | <b>2,357</b> | <b>4,766</b> | <b>3,144</b>  |
| Total comprehensive income attributable to:                                    |              |              |              |               |
| Stockholders of the Parent Company   | 4,232        | 2,211        | 4,491        | 3,117         |
| Non-controlling interests  | 244          | 146          | 275          | 27            |

<sup>1)</sup> Based on Net income attributable to stockholders of the Parent Company

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## Consolidated Balance Sheet

| SEK million  | Dec 31<br>2010 | Mar 31<br>2011 | Jun 30<br>2011 |
|--|----------------|----------------|----------------|
| <b>ASSETS</b>  |                |                |                |
| <b>Non-current assets</b>  |                |                |                |
| Intangible assets  |                |                |                |
| Capitalized development expenses                                 | 3,010          | 3,047          | 3,236          |
| Goodwill   | 27,151         | 25,782         | 26,293         |
| Intellectual property rights, brands and other intangible assets | 16,658         | 15,388         | 14,333         |
| Property, plant and equipment                                    | 9,434          | 9,171          | 9,772          |
| Financial assets   |                |                |                |
| Equity in JV and associated companies                            | 9,803          | 8,662          | 8,031          |
| Other investments in shares and participations                   | 219            | 239            | 327            |
| Customer financing, non-current                                  | 1,281          | 1,440          | 1,570          |
| Other financial assets, non-current                              | 3,079          | 3,020          | 4,208          |
| Deferred tax assets  | 12,737         | 13,090         | 13,010         |
|  | 83,372         | 79,839         | 80,780         |
| <b>Current assets</b>  |                |                |                |
| Inventories  | 29,897         | 32,146         | 35,144         |
| Trade receivables  | 61,127         | 60,622         | 60,153         |
| Customer financing, current                                      | 3,123          | 2,713          | 2,414          |
| Other current receivables  | 17,146         | 19,745         | 17,968         |
| Short-term investments   | 56,286         | 52,286         | 49,264         |
| Cash and cash equivalents  | 30,864         | 30,756         | 29,464         |
|  | 198,443        | 198,268        | 194,407        |
| <b>Total assets</b>  | <b>281,815</b> | <b>278,107</b> | <b>275,187</b> |
| <b>EQUITY AND LIABILITIES</b>                                    |                |                |                |
| <b>Equity</b>  |                |                |                |
| Stockholders' equity   | 145,106        | 146,142        | 141,009        |
| Non-controlling interest in equity of subsidiaries               | 1,679          | 1,560          | 1,881          |
|  | 146,785        | 147,702        | 142,890        |
| <b>Non-current liabilities</b>                                   |                |                |                |
| Post-employment benefits   | 5,092          | 3,968          | 5,763          |
| Provisions, non-current  | 353            | 310            | 270            |
| Deferred tax liabilities   | 2,571          | 2,427          | 2,547          |
| Borrowings, non-current  | 26,955         | 26,196         | 23,625         |
| Other non-current liabilities                                    | 3,296          | 3,358          | 2,451          |
|  | 38,267         | 36,259         | 34,656         |
| <b>Current liabilities</b>                                       |                |                |                |
| Provisions, current  | 9,391          | 9,219          | 9,065          |
| Borrowings, current  | 3,808          | 4,676          | 6,752          |
| Trade payables   | 24,959         | 24,849         | 24,956         |

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|   |         |         |         |
|---|---------|---------|---------|
| Other current liabilities   | 58,605  | 55,402  | 56,868  |
|   | 96,763  | 94,146  | 97,641  |
| <b>Total equity and liabilities</b>                                       | 281,815 | 278,107 | 275,187 |
| <i>Of which interest-bearing liabilities and post-employment benefits</i> | 35,855  | 34,840  | 36,140  |
| <i>Of which net cash</i>  | 51,295  | 48,202  | 42,588  |
| Assets pledged as collateral  | 658     | 589     | 711     |
| Contingent liabilities  | 875     | 853     | 873     |

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## Consolidated Statement of Cash Flows

| SEK million  | Apr - Jun<br>2010 | 2011          | Jan - Jun<br>2010 | 2011          | Jan - Dec<br>2010 |
|--|-------------------|---------------|-------------------|---------------|-------------------|
| <b>Operating activities</b>  |                   |               |                   |               |                   |
| Net income   | 2,027             | 3,216         | 3,301             | 7,296         | 11,235            |
| Adjustments to reconcile net income to cash                        |                   |               |                   |               |                   |
| Taxes  | -560              | -29           | -726              | 692           | 351               |
| Earnings/dividends in JV and associated companies                  | 364               | 783           | 677               | 1,235         | 1,476             |
| Depreciation, amortization and impairment losses                   | 2,304             | 2,172         | 5,437             | 4,381         | 9,953             |
| Other  | -260              | -1,107        | -695              | -2,308        | 710               |
| Net income affecting cash  | 3,875             | 5,035         | 7,994             | 11,296        | 23,725            |
| <b>Changes in operating net assets</b>                             |                   |               |                   |               |                   |
| Inventories  | -3,462            | -2,370        | -4,927            | -5,832        | -7,917            |
| Customer financing, current and non-current                        | -208              | 195           | -806              | 391           | -2,125            |
| Trade receivables  | -3,816            | 2,114         | 138               | 504           | 4,406             |
| Trade payables   | 1,433             | -834          | 478               | -1,089        | 5,964             |
| Provisions and post-employment benefits                            | 788               | -485          | -270              | -1,237        | -2,739            |
| Other operating assets and liabilities, net                        | -1,317            | 2,126         | -3,020            | -1,158        | 5,269             |
|  | -6,582            | 746           | -8,407            | -8,421        | 2,858             |
| <b>Cash flow from operating activities</b>                         | <b>-2,707</b>     | <b>5,781</b>  | <b>-413</b>       | <b>2,875</b>  | <b>26,583</b>     |
| <b>Investing activities</b>  |                   |               |                   |               |                   |
| Investments in property, plant and equipment                       | -1,016            | -1,196        | -1,675            | -2,176        | -3,686            |
| Sales of property, plant and equipment                             | 45                | 58            | 92                | 155           | 124               |
| Acquisitions/divestments of subsidiaries and other operations, net | -868              | -507          | -1,948            | -962          | -2,832            |
| Product development  | -724              | -429          | -1,002            | -698          | -1,644            |
| Other investing activities   | -1,819            | -100          | 40                | 79            | -1,487            |
| Short-term investments   | 5,949             | 3,196         | 2,105             | 6,902         | -3,016            |
| <b>Cash flow from investing activities</b>                         | <b>1,567</b>      | <b>1,022</b>  | <b>-2,388</b>     | <b>3,300</b>  | <b>-12,541</b>    |
| <b>Cash flow before financing activities</b>                       | <b>-1,140</b>     | <b>6,803</b>  | <b>-2,801</b>     | <b>6,175</b>  | <b>14,042</b>     |
| <b>Financing activities</b>  |                   |               |                   |               |                   |
| Dividends paid   | -6,401            | -7,209        | -6,401            | -7,209        | -6,677            |
| Other financing activities   | 1,529             | -1,097        | 1,473             | 143           | 1,007             |
| <b>Cash flow from financing activities</b>                         | <b>-4,872</b>     | <b>-8,306</b> | <b>-4,928</b>     | <b>-7,066</b> | <b>-5,670</b>     |
| Effect of exchange rate changes on cash                            | 583               | 211           | 541               | -509          | -306              |
| <b>Net change in cash</b>  | <b>-5,429</b>     | <b>-1,292</b> | <b>-7,188</b>     | <b>-1,400</b> | <b>8,066</b>      |
| <b>Cash and cash equivalents, beginning of period</b>              | <b>21,039</b>     | <b>30,756</b> | <b>22,798</b>     | <b>30,864</b> | <b>22,798</b>     |
| <b>Cash and cash equivalents, end of period</b>                    | <b>15,610</b>     | <b>29,464</b> | <b>15,610</b>     | <b>29,464</b> | <b>30,864</b>     |

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## Consolidated Statement of Changes in Equity

| SEK million                                 | Jan - Jun<br>2010 | Jan - Jun<br>2011 | Jan - Dec<br>2010 |
|---|-------------------|-------------------|-------------------|
| <b>Opening balance</b>                      | <b>141,027</b>    | <b>146,785</b>    | <b>141,027</b>    |
| Total comprehensive income                  | 4,766             | 3,144             | 10,913            |
| Sale/Repurchase of own shares               | 23                | 45                | 52                |
| Stock purchase and stock option plans       | 316               | 213               | 762               |
| Dividends paid                              | -6,401            | -7,209            | -6,677            |
| Transactions with non-controlling interests | 693               | -88               | 708               |
| <b>Closing balance</b>                      | <b>140,424</b>    | <b>142,890</b>    | <b>146,785</b>    |

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Consolidated Income Statement Isolated Quarters

| Isolated quarters, SEK million   | 2010           |                |                |                | 2011           |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Q1             | Q2             | Q3             | Q4             | Q1             | Q2             |
| Net sales  | 45,112         | 47,972         | 47,481         | 62,783         | 52,966         | 54,770         |
| Cost of sales  | -28,527        | -30,235        | -29,337        | -40,995        | -32,578        | -34,064        |
| <b>Gross income</b>  | <b>16,585</b>  | <b>17,737</b>  | <b>18,144</b>  | <b>21,788</b>  | <b>20,388</b>  | <b>20,706</b>  |
| Gross margin (%)   | 36.8%          | 37.0%          | 38.2%          | 34.7%          | 38.5%          | 37.8%          |
| Research and development expenses  | -7,526         | -7,751         | -7,689         | -8,592         | -7,991         | -8,108         |
| Selling and administrative expenses  | -7,008         | -7,158         | -5,775         | -7,131         | -6,441         | -7,741         |
| <b>Operating expenses</b>  | <b>-14,534</b> | <b>-14,909</b> | <b>-13,464</b> | <b>-15,723</b> | <b>-14,432</b> | <b>-15,849</b> |
| Other operating income and expenses  | 302            | 500            | 620            | 581            | 343            | 166            |
| <b>Operating income before shares in earnings of JV and associated companies</b> | <b>2,353</b>   | <b>3,328</b>   | <b>5,300</b>   | <b>6,646</b>   | <b>6,299</b>   | <b>5,023</b>   |
| Operating margin before shares in earnings of JV and associated companies (%)    | 5.2%           | 6.9%           | 11.2%          | 10.6%          | 11.9%          | 9.2%           |
| Shares in earnings of JV and associated companies                                | -372           | -308           | -90            | -402           | -468           | -771           |
| <b>Operating income</b>  | <b>1,981</b>   | <b>3,020</b>   | <b>5,210</b>   | <b>6,244</b>   | <b>5,831</b>   | <b>4,252</b>   |
| Financial income   | 278            | 470            | 168            | 131            | 302            | 977            |
| Financial expenses   | -438           | -596           | -302           | -383           | -306           | -636           |
| <b>Income after financial items</b>  | <b>1,821</b>   | <b>2,894</b>   | <b>5,076</b>   | <b>5,992</b>   | <b>5,827</b>   | <b>4,593</b>   |
| Taxes  | -547           | -867           | -1,523         | -1,611         | -1,747         | -1,377         |
| <b>Net income</b>  | <b>1,274</b>   | <b>2,027</b>   | <b>3,553</b>   | <b>4,381</b>   | <b>4,080</b>   | <b>3,216</b>   |
| Net income attributable to:  |                |                |                |                |                |                |
| - Stockholders of the Parent Company   | 1,264          | 1,881          | 3,677          | 4,324          | 4,103          | 3,116          |
| - Non-controlling interests  | 10             | 146            | -124           | 57             | -23            | 100            |
| Other information  |                |                |                |                |                |                |
| Average number of shares, basic (million)  | 3,195          | 3,196          | 3,198          | 3,200          | 3,202          | 3,204          |
| Earnings per share, basic (SEK) <sup>1)</sup>                                    | 0.40           | 0.59           | 1.15           | 1.35           | 1.28           | 0.97           |
| Earnings per share, diluted (SEK) <sup>1)</sup>                                  | 0.39           | 0.58           | 1.14           | 1.34           | 1.27           | 0.96           |

<sup>1)</sup> Based on Net income attributable to stockholders of the Parent Company.

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## Consolidated Statement of Cash Flows – Isolated Quarters

| Isolated quarters, SEK million                                     | 2010          |               |               |               | 2011          |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | Q1            | Q2            | Q3            | Q4            | Q1            | Q2            |
| <b>Operating activities</b>  |               |               |               |               |               |               |
| Net income   | 1,274         | 2,027         | 3,553         | 4,381         | 4,080         | 3,216         |
| Adjustments to reconcile net income to cash                        |               |               |               |               |               |               |
| Taxes  | -166          | -560          | -226          | 1,303         | 721           | -29           |
| Earnings/dividends in JV and associated companies                  | 313           | 364           | 123           | 676           | 452           | 783           |
| Depreciation, amortization and impairment losses                   | 3,133         | 2,304         | 2,270         | 2,246         | 2,209         | 2,172         |
| Other  | -435          | -260          | -947          | 2,352         | -1,201        | -1,107        |
| Net income affecting cash  | 4,119         | 3,875         | 4,773         | 10,958        | 6,261         | 5,035         |
| <b>Changes in operating net assets</b>                             |               |               |               |               |               |               |
| Inventories  | -1,465        | -3,462        | -3,763        | 773           | -3,462        | -2,370        |
| Customer financing, current and non-current                        | -598          | -208          | -437          | -882          | 196           | 195           |
| Trade receivables  | 3,954         | -3,816        | 7,443         | -3,175        | -1,610        | 2,114         |
| Trade payables   | -955          | 1,433         | 1,292         | 4,194         | -255          | -834          |
| Provisions and post-employment benefits                            | -1,058        | 788           | -1,726        | -743          | -752          | -485          |
| Other operating assets and liabilities, net                        | -1,703        | -1,317        | 4,237         | 4,052         | -3,284        | 2,126         |
|  | -1,825        | -6,582        | 7,046         | 4,219         | -9,167        | 746           |
| <b>Cash flow from operating activities</b>                         | <b>2,294</b>  | <b>-2,707</b> | <b>11,819</b> | <b>15,177</b> | <b>-2,906</b> | <b>5,781</b>  |
| <b>Investing activities</b>  |               |               |               |               |               |               |
| Investments in property, plant and equipment                       | -659          | -1,016        | -1,027        | -984          | -980          | -1,196        |
| Sales of property, plant and equipment                             | 47            | 45            | 17            | 15            | 97            | 58            |
| Acquisitions/divestments of subsidiaries and other operations, net | -1,080        | -868          | -559          | -325          | -455          | -507          |
| Product development  | -278          | -724          | -317          | -325          | -269          | -429          |
| Other investing activities   | 1,859         | -1,819        | -817          | -710          | 179           | -100          |
| Short-term investments   | -3,844        | 5,949         | -3,368        | -1,753        | 3,706         | 3,196         |
| <b>Cash flow from investing activities</b>                         | <b>-3,955</b> | <b>1,567</b>  | <b>-6,071</b> | <b>-4,082</b> | <b>2,278</b>  | <b>1,022</b>  |
| <b>Cash flow before financing activities</b>                       | <b>-1,661</b> | <b>-1,140</b> | <b>5,748</b>  | <b>11,095</b> | <b>-628</b>   | <b>6,803</b>  |
| <b>Financing activities</b>  |               |               |               |               |               |               |
| Dividends paid   |               | -6,401        | -238          | -38           |               | -7,209        |
| Other financing activities   | -56           | 1,529         | 1,165         | -1,631        | 1,240         | -1,097        |
| <b>Cash flow from financing activities</b>                         | <b>-56</b>    | <b>-4,872</b> | <b>927</b>    | <b>-1,669</b> | <b>1,240</b>  | <b>-8,306</b> |
| Effect of exchange rate changes on cash                            | -42           | 583           | -1,088        | 241           | -720          | 211           |
| <b>Net change in cash</b>  | <b>-1,759</b> | <b>-5,429</b> | <b>5,587</b>  | <b>9,667</b>  | <b>-108</b>   | <b>-1,292</b> |
| <b>Cash and cash equivalents, beginning of period</b>              | <b>22,798</b> | <b>21,039</b> | <b>15,610</b> | <b>21,197</b> | <b>30,864</b> | <b>30,756</b> |
| <b>Cash and cash equivalents, end of period</b>                    | <b>21,039</b> | <b>15,610</b> | <b>21,197</b> | <b>30,864</b> | <b>30,756</b> | <b>29,464</b> |

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## Parent Company Income Statement

| SEK million                              | Apr - Jun    |              | Jan - Jun    |              |
|--|--------------|--------------|--------------|--------------|
|  | 2010         | 2011         | 2010         | 2011         |
| Net sales                                | 8            | 0            | 18           | 0            |
| Cost of sales                            | -5           | 0            | -12          | 0            |
| <b>Gross income</b>                      | <b>3</b>     | <b>0</b>     | <b>6</b>     | <b>0</b>     |
| Operating expenses                       | -564         | -567         | -1,880       | -986         |
| Other operating income and expenses      | 681          | 593          | 1,293        | 1,339        |
| <b>Operating income</b>                  | <b>120</b>   | <b>26</b>    | <b>-581</b>  | <b>353</b>   |
| Financial net                            | 5,299        | 1,616        | 5,370        | 4,383        |
| <b>Income after financial items</b>      | <b>5,419</b> | <b>1,642</b> | <b>4,789</b> | <b>4,736</b> |
| Transfers to (-) / from untaxed reserves |              |              |              |              |
| Taxes                                    | -136         | -183         | 64           | -313         |
| <b>Net income</b>                        | <b>5,283</b> | <b>1,459</b> | <b>4,853</b> | <b>4,423</b> |

## Statement of Comprehensive Income

| SEK million  | Apr - Jun    |              | Jan - Jun    |              |
|--|--------------|--------------|--------------|--------------|
|  | 2010         | 2011         | 2010         | 2011         |
| <b>Net income</b>  | <b>5,283</b> | <b>1,459</b> | <b>4,853</b> | <b>4,423</b> |
| Cash flow hedges   |              |              |              |              |
| Gains/losses arising during the period   | 136          |              | 136          |              |
| Adjustments for amounts transferred to initial carrying amount of hedged items | -136         |              | -136         |              |
| Tax on items reported directly in or transferred from equity                   |              |              |              |              |
| <b>Other comprehensive income</b>  |              |              |              |              |
| <b>Total comprehensive income</b>  | <b>5,283</b> | <b>1,459</b> | <b>4,853</b> | <b>4,423</b> |

## Parent Company Balance Sheet

| SEK million         | Dec 31<br>2010 | Jun 30<br>2011 |
|---------------------|----------------|----------------|
| <b>ASSETS</b>       |                |                |
| <b>Fixed assets</b> |                |                |
| Intangible assets   | 1,046          | 933            |
| Tangible assets     | 527            | 540            |
| Financial assets    | 99,013         | 101,295        |

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|  |                |                |
|--|----------------|----------------|
|  | 100,586        | 102,768        |
| <b>Current assets</b>  |                |                |
| Inventories  | 57             | 35             |
| Receivables  | 21,554         | 21,377         |
| Short-term investments                                       | 56,148         | 49,264         |
| Cash and cash equivalents                                    | 15,439         | 12,347         |
|  | 93,198         | 83,023         |
| <b>Total assets</b>  | <b>193,784</b> | <b>185,791</b> |
| <b>STOCKHOLDERS EQUITY, PROVISIONS AND LIABILITIES</b>       |                |                |
| <b>Equity</b>  |                |                |
| Restricted equity  | 47,859         | 47,859         |
| Non-restricted equity  | 42,974         | 40,257         |
|  | 90,833         | 88,116         |
| <b>Untaxed reserves</b>                                      | <b>1,015</b>   | <b>1,015</b>   |
| <b>Provisions</b>  | <b>960</b>     | <b>875</b>     |
| <b>Non-current liabilities</b>                               | <b>52,842</b>  | <b>48,619</b>  |
| <b>Current liabilities</b>                                   | <b>48,134</b>  | <b>47,166</b>  |
| <b>Total stockholders equity, provisions and liabilities</b> | <b>193,784</b> | <b>185,791</b> |
| Assets pledged as collateral                                 | 658            | 711            |
| Contingent liabilities                                       | 13,783         | 16,909         |

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Accounting Policies

**The Group**

This interim report is prepared in accordance with IAS 34. The term "IFRS" used in this document refers to the application of IAS and IFRS as well as interpretations of these standards as issued by IASB's Standards Interpretation Committee (SIC) and IFRS Interpretations Committee, (IFRIC). The accounting policies adopted are consistent with those of the annual report for the year ended December 31, 2010, and should be read in conjunction with that annual report.

As from January 1, 2011, the Company has applied the following new or amended IFRSs and IFRICs:

Improvements to IFRSs (Issued by IASB in May 2010)

IFRIC 14, amendment, the limit on a defined benefit asset, minimum funding requirements and their interaction (November 26, 2009)

IFRIC 19, Extinguishing financial liabilities with equity instruments (November 26, 2009)

IAS 24, revised, Related party disclosures (November 4, 2009)

IAS 32, amendment, Classification of Rights Issues (October 8, 2009)

None of the new or amended standards and interpretations has had any significant impact on the financial result or position of the Company. There is no difference between IFRS effective as per June 30, 2011 and IFRS as endorsed by the EU.

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## Net Sales by Segment by Quarter

Since the segments Sony Ericsson and ST-Ericsson are reported in accordance with the equity method, their sales are not included below. Net sales related to these segments are disclosed under SEGMENT RESULTS. Net sales related to other segments are set out below.

| Isolated quarters, SEK million        | 2010          |               |               |               | 2011          |               |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                       | Q1            | Q2            | Q3            | Q4            | Q1            | Q2            |
| Networks                              | 24,704        | 25,472        | 26,087        | 36,445        | 33,249        | 33,360        |
| Global Services                       | 18,098        | 20,080        | 19,076        | 22,869        | 17,435        | 19,036        |
| <i>Of which Professional Services</i> | <i>13,251</i> | <i>14,838</i> | <i>13,736</i> | <i>16,704</i> | <i>12,571</i> | <i>13,463</i> |
| <i>Of which Managed Services</i>      | <i>4,888</i>  | <i>5,642</i>  | <i>5,227</i>  | <i>5,361</i>  | <i>4,924</i>  | <i>4,724</i>  |
| <i>Of which Network Rollout</i>       | <i>4,847</i>  | <i>5,242</i>  | <i>5,340</i>  | <i>6,165</i>  | <i>4,864</i>  | <i>5,573</i>  |
| Multimedia                            | 2,310         | 2,420         | 2,318         | 3,469         | 2,282         | 2,374         |
| <b>Total</b>                          | <b>45,112</b> | <b>47,972</b> | <b>47,481</b> | <b>62,783</b> | <b>52,966</b> | <b>54,770</b> |

| Sequential change, percent            | 2010        |            |            |            | 2011        |            |
|---------------------------------------|-------------|------------|------------|------------|-------------|------------|
|                                       | Q1          | Q2         | Q3         | Q4         | Q1          | Q2         |
| Networks                              | -22%        | 3%         | 2%         | 40%        | -9%         | 0%         |
| Global Services                       | -22%        | 11%        | -5%        | 20%        | -24%        | 9%         |
| <i>Of which Professional Services</i> | <i>-20%</i> | <i>12%</i> | <i>-7%</i> | <i>22%</i> | <i>-25%</i> | <i>7%</i>  |
| <i>Of which Managed Services</i>      | <i>-4%</i>  | <i>15%</i> | <i>-7%</i> | <i>3%</i>  | <i>-8%</i>  | <i>-4%</i> |
| <i>Of which Network Rollout</i>       | <i>-27%</i> | <i>8%</i>  | <i>2%</i>  | <i>15%</i> | <i>-21%</i> | <i>15%</i> |
| Multimedia                            | -31%        | 5%         | -4%        | 50%        | -34%        | 4%         |
| <b>Total</b>                          | <b>-23%</b> | <b>6%</b>  | <b>-1%</b> | <b>32%</b> | <b>-16%</b> | <b>3%</b>  |

| Year over year change, percent        | 2010       |             |            |            | 2011       |             |
|---------------------------------------|------------|-------------|------------|------------|------------|-------------|
|                                       | Q1         | Q2          | Q3         | Q4         | Q1         | Q2          |
| Networks                              | -14%       | -12%        | 6%         | 14%        | 35%        | 31%         |
| Global Services                       | 3%         | 0%          | 3%         | -1%        | -4%        | -5%         |
| <i>Of which Professional Services</i> | <i>4%</i>  | <i>5%</i>   | <i>7%</i>  | <i>1%</i>  | <i>-5%</i> | <i>-9%</i>  |
| <i>Of which Managed Services</i>      | <i>17%</i> | <i>23%</i>  | <i>46%</i> | <i>5%</i>  | <i>1%</i>  | <i>-16%</i> |
| <i>Of which Network Rollout</i>       | <i>3%</i>  | <i>-12%</i> | <i>-8%</i> | <i>-8%</i> | <i>0%</i>  | <i>6%</i>   |
| Multimedia                            | -29%       | -27%        | -31%       | 3%         | -1%        | -2%         |
| <b>Total</b>                          | <b>-9%</b> | <b>-8%</b>  | <b>2%</b>  | <b>8%</b>  | <b>17%</b> | <b>14%</b>  |

| Year to date, SEK million             | 2010          |               |                |                | 2011          |                |
|---------------------------------------|---------------|---------------|----------------|----------------|---------------|----------------|
|                                       | Jan-Mar       | Jan-Jun       | Jan-Sep        | Jan-Dec        | Jan-Mar       | Jan-Jun        |
| Networks                              | 24,704        | 50,176        | 76,263         | 112,708        | 33,249        | 66,609         |
| Global Services                       | 18,098        | 38,178        | 57,254         | 80,123         | 17,435        | 36,471         |
| <i>Of which Professional Services</i> | <i>13,251</i> | <i>28,089</i> | <i>41,825</i>  | <i>58,529</i>  | <i>12,571</i> | <i>26,034</i>  |
| <i>Of which Managed Services</i>      | <i>4,888</i>  | <i>10,530</i> | <i>15,757</i>  | <i>21,118</i>  | <i>4,924</i>  | <i>9,648</i>   |
| <i>Of which Network Rollout</i>       | <i>4,847</i>  | <i>10,089</i> | <i>15,429</i>  | <i>21,594</i>  | <i>4,864</i>  | <i>10,437</i>  |
| Multimedia                            | 2,310         | 4,730         | 7,048          | 10,517         | 2,282         | 4,656          |
| <b>Total</b>                          | <b>45,112</b> | <b>93,084</b> | <b>140,565</b> | <b>203,348</b> | <b>52,966</b> | <b>107,736</b> |

Year to date,

2010

2011

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| year over year change, percent        | Jan-Mar    | Jan-Jun    | Jan-Sep    | Jan-Dec    | Jan-Mar    | Jan-Jun    |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| Networks                              | -14%       | -13%       | -7%        | -1%        | 35%        | 33%        |
| Global Services                       | 3%         | 2%         | 2%         | 1%         | -4%        | -4%        |
| <i>Of which Professional Services</i> | 4%         | 5%         | 5%         | 4%         | -5%        | -7%        |
| <i>Of which Managed Services</i>      | 17%        | 20%        | 28%        | 21%        | 1%         | -8%        |
| <i>Of which Network Rollout</i>       | 3%         | -5%        | -6%        | -7%        | 0%         | 3%         |
| Multimedia                            | -29%       | -28%       | -29%       | -21%       | -1%        | -2%        |
| <b>Total</b>                          | <b>-9%</b> | <b>-8%</b> | <b>-5%</b> | <b>-2%</b> | <b>17%</b> | <b>16%</b> |

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## Operating Income by Segment by Quarter

| Isolated quarters, SEK million                       | 2010         |              |              |              | 2011         |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           |
| Networks   | 1,540        | 2,507        | 3,717        | 4,717        | 5,744        | 4,599        |
| Global Services                                      | 1,325        | 1,377        | 1,891        | 1,920        | 1,146        | 1,030        |
| <i>Of which Professional Services</i>                | <i>1,419</i> | <i>1,331</i> | <i>1,925</i> | <i>1,875</i> | <i>1,486</i> | <i>1,661</i> |
| <i>Of which Network Rollout</i>                      | <i>-94</i>   | <i>46</i>    | <i>-34</i>   | <i>45</i>    | <i>-340</i>  | <i>-631</i>  |
| Multimedia   | -335         | -479         | -187         | 358          | -338         | -267         |
| Unallocated <sup>1)</sup>                            | -158         | -128         | -109         | -410         | -228         | -204         |
| <i>Subtotal Segments excluding Sony Ericsson and</i> |              |              |              |              |              |              |
| <i>ST-Ericsson</i>                                   | <i>2,372</i> | <i>3,277</i> | <i>5,312</i> | <i>6,585</i> | <i>6,324</i> | <i>5,158</i> |
| Sony Ericsson  | 76           | 134          | 290          | 164          | 71           | -208         |
| ST-Ericsson  | -467         | -391         | -392         | -505         | -564         | -698         |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>        | <i>-391</i>  | <i>-257</i>  | <i>-102</i>  | <i>-341</i>  | <i>-493</i>  | <i>-906</i>  |
| <b>Total</b>   | <b>1,981</b> | <b>3,020</b> | <b>5,210</b> | <b>6,244</b> | <b>5,831</b> | <b>4,252</b> |

| Year to date, SEK million                            | 2010         |              |               |               | 2011         |               |
|--|--------------|--------------|---------------|---------------|--------------|---------------|
|  | Jan-Mar      | Jan-Jun      | Jan-Sep       | Jan-Dec       | Jan-Mar      | Jan-Jun       |
| Networks   | 1,540        | 4,047        | 7,764         | 12,481        | 5,744        | 10,343        |
| Global Services                                      | 1,325        | 2,702        | 4,593         | 6,513         | 1,146        | 2,176         |
| <i>Of which Professional Services</i>                | <i>1,419</i> | <i>2,750</i> | <i>4,675</i>  | <i>6,550</i>  | <i>1,486</i> | <i>3,147</i>  |
| <i>Of which Network Rollout</i>                      | <i>-94</i>   | <i>-48</i>   | <i>-82</i>    | <i>-37</i>    | <i>-340</i>  | <i>-971</i>   |
| Multimedia   | -335         | -814         | -1,001        | -643          | -338         | -605          |
| Unallocated <sup>1)</sup>                            | -158         | -286         | -395          | -805          | -228         | -432          |
| <i>Subtotal Segments excluding Sony Ericsson and</i> |              |              |               |               |              |               |
| <i>ST-Ericsson</i>                                   | <i>2,372</i> | <i>5,649</i> | <i>10,961</i> | <i>17,546</i> | <i>6,324</i> | <i>11,482</i> |
| Sony Ericsson  | 76           | 210          | 500           | 664           | 71           | -137          |
| ST-Ericsson  | -467         | -858         | -1,250        | -1,755        | -564         | -1,262        |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>        | <i>-391</i>  | <i>-648</i>  | <i>-750</i>   | <i>-1,091</i> | <i>-493</i>  | <i>-1,399</i> |
| <b>Total</b>   | <b>1,981</b> | <b>5,001</b> | <b>10,211</b> | <b>16,455</b> | <b>5,831</b> | <b>10,083</b> |

## Operating Margin by Segment by Quarter

| As percentage of net sales, isolated quarters | 2010       |           |            |            | 2011       |             |
|---|------------|-----------|------------|------------|------------|-------------|
|   | Q1         | Q2        | Q3         | Q4         | Q1         | Q2          |
| Networks                                      | 6%         | 10%       | 14%        | 13%        | 17%        | 14%         |
| Global Services                               | 7%         | 7%        | 10%        | 8%         | 7%         | 5%          |
| <i>Of which Professional Services</i>         | <i>11%</i> | <i>9%</i> | <i>14%</i> | <i>11%</i> | <i>12%</i> | <i>12%</i>  |
| <i>Of which Network Rollout</i>               | <i>-2%</i> | <i>1%</i> | <i>-1%</i> | <i>1%</i>  | <i>-7%</i> | <i>-11%</i> |
| Multimedia                                    | -15%       | -20%      | -8%        | 10%        | -15%       | -11%        |
| <b>Subtotal excluding Sony Ericsson and</b>   | <b>5%</b>  | <b>7%</b> | <b>11%</b> | <b>10%</b> | <b>12%</b> | <b>9%</b>   |

**ST-Ericsson**

| As percentage of net sales,<br>Year to date | 2010      |           |           |           | 2011       |            |
|---|-----------|-----------|-----------|-----------|------------|------------|
|   | Jan-Mar   | Jan-Jun   | Jan-Sep   | Jan-Dec   | Jan-Mar    | Jan-Jun    |
| Networks                                    | 6%        | 8%        | 10%       | 11%       | 17%        | 16%        |
| Global Services                             | 7%        | 7%        | 8%        | 8%        | 7%         | 6%         |
| <i>Of which Professional Services</i>       | 11%       | 10%       | 11%       | 11%       | 12%        | 12%        |
| <i>Of which Network Rollout</i>             | -2%       | 0%        | -1%       | 0%        | -7%        | -9%        |
| Multimedia                                  | -15%      | -17%      | -14%      | -6%       | -15%       | -13%       |
| <b>Subtotal excluding Sony Ericsson and</b> |           |           |           |           |            |            |
| <b>ST-Ericsson</b>                          | <b>5%</b> | <b>6%</b> | <b>8%</b> | <b>9%</b> | <b>12%</b> | <b>11%</b> |

<sup>1)</sup> *Unallocated* consists mainly of costs for corporate staff, non-operational capital gains and losses.



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## EBITA by Segment by Quarter

| Isolated quarters, SEK million                       | 2010         |              |              |              | 2011         |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           |
| Networks   | 3,052        | 3,355        | 4,774        | 5,597        | 6,571        | 5,417        |
| Global Services                                      | 1,770        | 1,523        | 1,954        | 2,117        | 1,278        | 1,150        |
| <i>Of which Professional Services</i>                | <i>1,764</i> | <i>1,449</i> | <i>1,980</i> | <i>2,018</i> | <i>1,597</i> | <i>1,760</i> |
| <i>Of which Network Rollout</i>                      | <i>6</i>     | <i>74</i>    | <i>-26</i>   | <i>99</i>    | <i>-319</i>  | <i>-610</i>  |
| Multimedia   | -123         | -262         | -7           | 538          | -163         | -93          |
| Unallocated <sup>1)</sup>                            | -158         | -127         | -108         | -408         | -226         | -204         |
| <i>Subtotal Segments excluding Sony Ericsson and</i> |              |              |              |              |              |              |
| <i>ST-Ericsson</i>                                   | <i>4,541</i> | <i>4,489</i> | <i>6,613</i> | <i>7,844</i> | <i>7,460</i> | <i>6,270</i> |
| Sony Ericsson  | 76           | 134          | 290          | 164          | 71           | -208         |
| ST-Ericsson  | -467         | -391         | -392         | -505         | -564         | -698         |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>        | <i>-391</i>  | <i>-257</i>  | <i>-102</i>  | <i>-341</i>  | <i>-493</i>  | <i>-906</i>  |
| <b>Total</b>   | <b>4,150</b> | <b>4,232</b> | <b>6,511</b> | <b>7,503</b> | <b>6,967</b> | <b>5,364</b> |

| Year to date, SEK million                            | 2010         |              |               |               | 2011         |               |
|--|--------------|--------------|---------------|---------------|--------------|---------------|
|  | Jan-Mar      | Jan-Jun      | Jan-Sep       | Jan-Dec       | Jan-Mar      | Jan-Jun       |
| Networks   | 3,052        | 6,407        | 11,181        | 16,778        | 6,571        | 11,988        |
| Global Services                                      | 1,770        | 3,293        | 5,247         | 7,364         | 1,278        | 2,428         |
| <i>Of which Professional Services</i>                | <i>1,764</i> | <i>3,213</i> | <i>5,193</i>  | <i>7,211</i>  | <i>1,597</i> | <i>3,357</i>  |
| <i>Of which Network Rollout</i>                      | <i>6</i>     | <i>80</i>    | <i>54</i>     | <i>153</i>    | <i>-319</i>  | <i>-929</i>   |
| Multimedia   | -123         | -385         | -392          | 146           | -163         | -256          |
| Unallocated <sup>1)</sup>                            | -158         | -285         | -393          | -801          | -226         | -430          |
| <i>Subtotal Segments excluding Sony Ericsson and</i> |              |              |               |               |              |               |
| <i>ST-Ericsson</i>                                   | <i>4,541</i> | <i>9,030</i> | <i>15,643</i> | <i>23,487</i> | <i>7,460</i> | <i>13,730</i> |
| Sony Ericsson  | 76           | 210          | 500           | 664           | 71           | -137          |
| ST-Ericsson  | -467         | -858         | -1,250        | -1,755        | -564         | -1,262        |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>        | <i>-391</i>  | <i>-648</i>  | <i>-750</i>   | <i>-1,091</i> | <i>-493</i>  | <i>-1,399</i> |
| <b>Total</b>   | <b>4,150</b> | <b>8,382</b> | <b>14,893</b> | <b>22,396</b> | <b>6,967</b> | <b>12,331</b> |

## EBITA Margin by Segment by Quarter

| As percentage of net sales,<br>isolated quarters | 2010       |            |            |            | 2011       |             |
|--|------------|------------|------------|------------|------------|-------------|
|  | Q1         | Q2         | Q3         | Q4         | Q1         | Q2          |
| Networks   | 12%        | 13%        | 18%        | 15%        | 20%        | 16%         |
| Global Services                                  | 10%        | 8%         | 10%        | 9%         | 7%         | 6%          |
| <i>Of which Professional Services</i>            | <i>13%</i> | <i>10%</i> | <i>14%</i> | <i>12%</i> | <i>13%</i> | <i>13%</i>  |
| <i>Of which Network Rollout</i>                  | <i>0%</i>  | <i>1%</i>  | <i>-1%</i> | <i>2%</i>  | <i>-7%</i> | <i>-11%</i> |
| Multimedia                                       | -5%        | -11%       | 0%         | 15%        | -7%        | -4%         |

**Subtotal excluding Sony Ericsson and**

**ST-Ericsson** **10%** **9%** **14%** **12%** **14%** **11%**

**As percentage of net sales,  
Year to date**

|                                       | 2010    |         |         |         | 2011    |         |
|---------------------------------------|---------|---------|---------|---------|---------|---------|
|                                       | Jan-Mar | Jan-Jun | Jan-Sep | Jan-Dec | Jan-Mar | Jan-Jun |
| Networks                              | 12%     | 13%     | 15%     | 15%     | 20%     | 18%     |
| Global Services                       | 10%     | 9%      | 9%      | 9%      | 7%      | 7%      |
| <i>Of which Professional Services</i> | 13%     | 11%     | 12%     | 12%     | 13%     | 13%     |
| <i>Of which Network Rollout</i>       | 0%      | 1%      | 0%      | 1%      | -7%     | -9%     |
| Multimedia                            | -5%     | -8%     | -6%     | 1%      | -7%     | -6%     |

**Subtotal excluding Sony Ericsson and**

**ST- Ericsson** **10%** **10%** **11%** **12%** **14%** **13%**

<sup>2)</sup> *Unallocated* consists mainly of costs for corporate staff, non-operational capital gains and losses.

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## Net Sales by Region by Quarter

| Isolated quarters, SEK million                  | 2010          |               |               |               | 2011          |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Q1            | Q2            | Q3            | Q4            | Q1            | Q2            |
| North America                                   | 9,498         | 13,050        | 12,861        | 14,064        | 13,162        | 12,324        |
| Latin America                                   | 3,964         | 4,200         | 3,667         | 6,051         | 4,015         | 4,927         |
| Northern Europe & Central Asia <sup>1) 2)</sup> | 2,300         | 2,679         | 2,363         | 4,829         | 3,365         | 4,552         |
| Western & Central Europe <sup>2)</sup>          | 5,235         | 4,414         | 4,302         | 5,917         | 4,806         | 4,342         |
| Mediterranean <sup>2)</sup>                     | 5,060         | 5,630         | 5,020         | 6,918         | 4,799         | 5,543         |
| Middle East                                     | 3,948         | 3,796         | 2,721         | 4,634         | 3,070         | 3,546         |
| Sub Saharan Africa                              | 2,418         | 2,951         | 1,795         | 2,030         | 2,212         | 2,214         |
| India   | 2,303         | 1,351         | 2,129         | 2,843         | 3,169         | 2,798         |
| China & North East Asia                         | 4,950         | 4,607         | 6,940         | 9,468         | 8,633         | 9,025         |
| South East Asia & Oceania                       | 3,517         | 3,643         | 3,822         | 3,920         | 3,108         | 3,033         |
| Other <sup>1) 2)</sup>                          | 1,919         | 1,651         | 1,861         | 2,109         | 2,627         | 2,466         |
| <b>Total</b>                                    | <b>45,112</b> | <b>47,972</b> | <b>47,481</b> | <b>62,783</b> | <b>52,966</b> | <b>54,770</b> |

<sup>1)</sup> Of which Sweden

1,047 996 1,023 1,171 927 1,103

<sup>2)</sup> Of which EU

11,065 10,384 9,664 12,594 10,020 10,317

| Sequential change, percent                      | 2010        |           |            |            | 2011        |           |
|---|-------------|-----------|------------|------------|-------------|-----------|
|   | Q1          | Q2        | Q3         | Q4         | Q1          | Q2        |
| North America                                   | 1%          | 37%       | -1%        | 9%         | -6%         | -6%       |
| Latin America                                   | -32%        | 6%        | -13%       | 65%        | -34%        | 23%       |
| Northern Europe & Central Asia <sup>1) 2)</sup> | -34%        | 16%       | -12%       | 104%       | -30%        | 35%       |
| Western & Central Europe <sup>2)</sup>          | -15%        | -16%      | -3%        | 38%        | -19%        | -10%      |
| Mediterranean <sup>2)</sup>                     | -28%        | 11%       | -11%       | 38%        | -31%        | 16%       |
| Middle East                                     | -22%        | -4%       | -28%       | 70%        | -34%        | 16%       |
| Sub Saharan Africa                              | -37%        | 22%       | -39%       | 13%        | 9%          | 0%        |
| India   | -33%        | -41%      | 58%        | 34%        | 11%         | -12%      |
| China & North East Asia                         | -33%        | -7%       | 51%        | 36%        | -9%         | 5%        |
| South East Asia & Oceania                       | -32%        | 4%        | 5%         | 3%         | -21%        | -2%       |
| Other <sup>1) 2)</sup>                          | 30%         | -14%      | 13%        | 13%        | 25%         | -6%       |
| <b>Total</b>                                    | <b>-23%</b> | <b>6%</b> | <b>-1%</b> | <b>32%</b> | <b>-16%</b> | <b>3%</b> |

<sup>1)</sup> Of which Sweden

43% -5% 3% 14% -21% 19%

<sup>2)</sup> Of which EU

-15% -6% -7% 30% -20% 3%

| Year-over-year change, percent                  | 2010       |            |           |           | 2011       |            |
|---|------------|------------|-----------|-----------|------------|------------|
|   | Q1         | Q2         | Q3        | Q4        | Q1         | Q2         |
| North America                                   | 99%        | 128%       | 223%      | 49%       | 39%        | -6%        |
| Latin America                                   | -9%        | -12%       | -27%      | 3%        | 1%         | 17%        |
| Northern Europe & Central Asia <sup>1) 2)</sup> | -20%       | -7%        | -13%      | 38%       | 46%        | 70%        |
| Western & Central Europe <sup>2)</sup>          | -3%        | -19%       | -22%      | -4%       | -8%        | -2%        |
| Mediterranean <sup>2)</sup>                     | -17%       | -17%       | -3%       | -2%       | -5%        | -2%        |
| Middle East                                     | 0%         | -20%       | -40%      | -8%       | -22%       | -7%        |
| Sub Saharan Africa                              | -48%       | -19%       | -44%      | -47%      | -9%        | -25%       |
| India   | -43%       | -63%       | -49%      | -17%      | 38%        | 107%       |
| China & North East Asia                         | -15%       | -36%       | 24%       | 28%       | 74%        | 96%        |
| South East Asia & Oceania                       | -32%       | -36%       | -20%      | -24%      | -12%       | -17%       |
| Other <sup>1) 2)</sup>                          | -19%       | 3%         | 1%        | 43%       | 37%        | 49%        |
| <b>Total</b>                                    | <b>-9%</b> | <b>-8%</b> | <b>2%</b> | <b>8%</b> | <b>17%</b> | <b>14%</b> |

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|    |                        |      |      |      |     |      |     |
|----|------------------------|------|------|------|-----|------|-----|
| 1) | <i>Of which Sweden</i> | -13% | -9%  | -5%  | 60% | -11% | 11% |
| 2) | <i>Of which EU</i>     | -12% | -18% | -12% | -4% | -9%  | -1% |

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## Net Sales by Region by Quarter (cont.)

| Year to date, SEK million                       | 2010          |               |                |                | 2011          |                |
|---|---------------|---------------|----------------|----------------|---------------|----------------|
|   | Jan-Mar       | Jan-Jun       | Jan-Sep        | Jan-Dec        | Jan-Mar       | Jan-Jun        |
| North America                                   | 9,498         | 22,548        | 35,409         | 49,473         | 13,162        | 25,486         |
| Latin America                                   | 3,964         | 8,164         | 11,831         | 17,882         | 4,015         | 8,942          |
| Northern Europe & Central Asia <sup>1) 2)</sup> | 2,300         | 4,979         | 7,342          | 12,171         | 3,365         | 7,917          |
| Western & Central Europe <sup>2)</sup>          | 5,235         | 9,649         | 13,951         | 19,868         | 4,806         | 9,148          |
| Mediterranean <sup>2)</sup>                     | 5,060         | 10,690        | 15,710         | 22,628         | 4,799         | 10,342         |
| Middle East                                     | 3,948         | 7,744         | 10,465         | 15,099         | 3,070         | 6,616          |
| Sub Saharan Africa                              | 2,418         | 5,369         | 7,164          | 9,194          | 2,212         | 4,426          |
| India   | 2,303         | 3,654         | 5,783          | 8,626          | 3,169         | 5,967          |
| China & North East Asia                         | 4,950         | 9,557         | 16,497         | 25,965         | 8,633         | 17,658         |
| South East Asia & Oceania                       | 3,517         | 7,160         | 10,982         | 14,902         | 3,108         | 6,141          |
| Other <sup>1) 2)</sup>                          | 1,919         | 3,570         | 5,431          | 7,540          | 2,627         | 5,093          |
| <b>Total</b>                                    | <b>45,112</b> | <b>93,084</b> | <b>140,565</b> | <b>203,348</b> | <b>52,966</b> | <b>107,736</b> |

<sup>1)</sup> Of which Sweden

<sup>2)</sup> Of which EU

1,047 2,043 3,066 4,237 927 2,030

11,065 21,449 31,113 43,707 10,020 20,337

| Year to date,<br>year-over-year change, percent | 2010       |            |            |            | 2011       |            |
|---|------------|------------|------------|------------|------------|------------|
|   | Jan-Mar    | Jan-Jun    | Jan-Sep    | Jan-Dec    | Jan-Mar    | Jan-Jun    |
| North America                                   | 99%        | 115%       | 145%       | 107%       | 39%        | 13%        |
| Latin America                                   | -9%        | -11%       | -16%       | -11%       | 1%         | 10%        |
| Northern Europe & Central Asia <sup>1) 2)</sup> | -20%       | -14%       | -13%       | 2%         | 46%        | 59%        |
| Western & Central Europe <sup>2)</sup>          | -3%        | -11%       | -15%       | -12%       | -8%        | -5%        |
| Mediterranean <sup>2)</sup>                     | -17%       | -17%       | -13%       | -10%       | -5%        | -3%        |
| Middle East                                     | 0%         | -11%       | -21%       | -17%       | -22%       | -15%       |
| Sub Saharan Africa                              | -48%       | -35%       | -38%       | -40%       | -9%        | -18%       |
| India   | -43%       | -52%       | -51%       | -43%       | 38%        | 63%        |
| China & North East Asia                         | -15%       | -26%       | -11%       | 0%         | 74%        | 85%        |
| South East Asia & Oceania                       | -32%       | -34%       | -30%       | -29%       | -12%       | -14%       |
| Other <sup>1) 2)</sup>                          | -19%       | -10%       | -6%        | 4%         | 37%        | 43%        |
| <b>Total</b>                                    | <b>-9%</b> | <b>-8%</b> | <b>-5%</b> | <b>-2%</b> | <b>17%</b> | <b>16%</b> |

<sup>1)</sup> Of which Sweden

<sup>2)</sup> Of which EU

-13% -11% -9% 3% -11% -1%

-12% -15% -14% -11% -9% -5%

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## External Net Sales by Region by Segment

Since the segments Sony Ericsson and ST-Ericsson are reported in accordance with the equity method, their sales are not included below. Net sales related to these segments are disclosed under SEGMENT RESULTS. Net sales related to other segments are set out below.

| Isolated quarter, SEK million<br>Q2 2011 | Networks      | Global<br>Services | Multimedia   | Total         |
|--|---------------|--------------------|--------------|---------------|
| North America                            | 7,869         | 4,183              | 272          | 12,324        |
| Latin America                            | 2,821         | 1,884              | 222          | 4,927         |
| Northern Europe & Central Asia           | 3,211         | 1,207              | 134          | 4,552         |
| Western & Central Europe                 | 1,700         | 2,417              | 225          | 4,342         |
| Mediterranean                            | 2,486         | 2,795              | 262          | 5,543         |
| Middle East                              | 1,632         | 1,699              | 215          | 3,546         |
| Sub Saharan Africa                       | 1,183         | 879                | 152          | 2,214         |
| India                                    | 1,730         | 821                | 247          | 2,798         |
| China & North East Asia                  | 6,853         | 2,105              | 67           | 9,025         |
| South East Asia & Oceania                | 1,706         | 1,180              | 147          | 3,033         |
| Other                                    | 2,169         | -134               | 431          | 2,466         |
| <b>Total</b>                             | <b>33,360</b> | <b>19,036</b>      | <b>2,374</b> | <b>54,770</b> |
| Share of Total                           | 61%           | 35%                | 4%           | 100%          |

| Year to date, SEK million<br>Jan - Jun 2011 | Networks      | Global<br>Services | Multimedia   | Total          |
|---|---------------|--------------------|--------------|----------------|
| North America                               | 16,943        | 8,023              | 520          | 25,486         |
| Latin America                               | 4,824         | 3,683              | 435          | 8,942          |
| Northern Europe & Central Asia              | 5,615         | 2,041              | 261          | 7,917          |
| Western & Central Europe                    | 3,867         | 4,836              | 445          | 9,148          |
| Mediterranean                               | 4,739         | 5,061              | 542          | 10,342         |
| Middle East                                 | 3,290         | 2,984              | 342          | 6,616          |
| Sub Saharan Africa                          | 2,380         | 1,719              | 327          | 4,426          |
| India                                       | 4,014         | 1,526              | 427          | 5,967          |
| China & North East Asia                     | 13,322        | 4,157              | 179          | 17,658         |
| South East Asia & Oceania                   | 3,428         | 2,406              | 307          | 6,141          |
| Other                                       | 4,187         | 35                 | 871          | 5,093          |
| <b>Total</b>                                | <b>66,609</b> | <b>36,471</b>      | <b>4,656</b> | <b>107,736</b> |
| Share of Total                              | 62%           | 34%                | 4%           | 100%           |

## Top 5 Countries in Sales

| Country            | Q2<br>2010 | Q2<br>2011 | Jan - Jun<br>2010 | Jan - Jun<br>2011 |
|--------------------|------------|------------|-------------------|-------------------|
| United States      | 26%        | 22%        | 22%               | 23%               |
| China              | 6%         | 8%         | 6%                | 7%                |
| Japan              | 4%         | 5%         | 4%                | 7%                |
| India              | 3%         | 5%         | 4%                | 6%                |
| Russian Federation | 2%         | 5%         | 2%                | 4%                |



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## Provisions

| Isolated quarters, SEK million                     | 2010          |               |               |               | 2011         |              |
|--|---------------|---------------|---------------|---------------|--------------|--------------|
|  | Q1            | Q2            | Q3            | Q4            | Q1           | Q2           |
| <b>Opening balance</b>                             | <b>12,431</b> | <b>12,064</b> | <b>13,061</b> | <b>10,937</b> | <b>9,744</b> | <b>9,529</b> |
| Additions  | 1,777         | 2,416         | 803           | 1,718         | 1,304        | 2,032        |
| Utilization/Cash out                               | -1,565        | -1,498        | -1,722        | -2,369        | -1,091       | -1,908       |
| <i>Of which restructuring</i>                      | -677          | -701          | -911          | -973          | -762         | -1,220       |
| Reversal of excess amounts                         | -498          | -346          | -417          | -593          | -88          | -451         |
| Reclassification, translation difference and other | -81           | 425           | -788          | 51            | -340         | 133          |
| <b>Closing balance</b>                             | <b>12,064</b> | <b>13,061</b> | <b>10,937</b> | <b>9,744</b>  | <b>9,529</b> | <b>9,335</b> |

| Year to date, SEK million                          | 2010          |               |               |               | 2011         |              |
|--|---------------|---------------|---------------|---------------|--------------|--------------|
|  | Jan-Mar       | Jan-Jun       | Jan-Sep       | Jan-Dec       | Jan-Mar      | Jan-Jun      |
| <b>Opening balance</b>                             | <b>12,431</b> | <b>12,431</b> | <b>12,431</b> | <b>12,431</b> | <b>9,744</b> | <b>9,744</b> |
| Additions  | 1,777         | 4,193         | 4,996         | 6,714         | 1,304        | 3,336        |
| Utilization/Cash out                               | -1,565        | -3,063        | -4,785        | -7,154        | -1,091       | -2,999       |
| <i>Of which restructuring</i>                      | -677          | -1,378        | -2,289        | -3,262        | -762         | -1,982       |
| Reversal of excess amounts                         | -498          | -844          | -1,261        | -1,854        | -88          | -539         |
| Reclassification, translation difference and other | -81           | 344           | -444          | -393          | -340         | -207         |
| <b>Closing balance</b>                             | <b>12,064</b> | <b>13,061</b> | <b>10,937</b> | <b>9,744</b>  | <b>9,529</b> | <b>9,335</b> |

## Number of Employees

| End of period                                | 2010          |               |               |               | 2011          |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | Mar 31        | Jun 30        | Sep 30        | Dec 31        | Mar 31        | Jun 30        |
| North America                                | 13,450        | 13,857        | 13,430        | 13,498        | 13,531        | 14,553        |
| Latin America                                | 6,134         | 6,150         | 6,353         | 7,181         | 7,394         | 9,875         |
| Northern Europe & Central Asia <sup>1)</sup> | 21,813        | 21,806        | 21,550        | 21,425        | 21,339        | 21,451        |
| Western & Central Europe                     | 11,418        | 11,174        | 10,690        | 10,818        | 10,629        | 10,518        |
| Mediterranean                                | 10,884        | 10,857        | 10,815        | 10,795        | 10,907        | 11,069        |
| Middle East                                  | 3,598         | 3,568         | 3,553         | 3,982         | 4,057         | 4,160         |
| Sub Saharan Africa                           | 2,044         | 1,944         | 1,662         | 1,626         | 1,644         | 1,637         |
| India  | 4,726         | 5,408         | 6,086         | 6,710         | 7,448         | 8,563         |
| China & North East Asia                      | 7,400         | 7,668         | 9,223         | 9,807         | 10,111        | 11,601        |
| South East Asia & Oceania                    | 5,070         | 4,981         | 4,698         | 4,419         | 4,486         | 4,502         |
| <b>Total</b>                                 | <b>86,537</b> | <b>87,413</b> | <b>88,060</b> | <b>90,261</b> | <b>91,546</b> | <b>97,929</b> |

<sup>1)</sup> *Of which Sweden* 18,082 18,070 17,942 17,848 17,771 17,930  
Information on investments in assets subject to depreciation, amortization, impairment and write-downs

| Isolated quarters, SEK million   | 2010 |       |       |     | 2011 |       |
|----------------------------------|------|-------|-------|-----|------|-------|
|                                  | Q1   | Q2    | Q3    | Q4  | Q1   | Q2    |
| Additions                        |      |       |       |     |      |       |
| Property, plant and equipment    | 659  | 1,016 | 1,027 | 984 | 980  | 1,196 |
| Capitalized development expenses | 278  | 724   | 317   | 325 | 269  | 429   |



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|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| IPR, brands and other intangible assets               | 622          | 521          | 2,490        | 715          | 359          | 29           |
| <b>Total</b>  | <b>1,559</b> | <b>2,261</b> | <b>3,834</b> | <b>2,024</b> | <b>1,608</b> | <b>1,654</b> |
| Depreciation, amortization and impairment losses      |              |              |              |              |              |              |
| Property, plant and equipment                         | 796          | 901          | 798          | 801          | 841          | 821          |
| Capitalized development expenses                      | 168          | 192          | 171          | 185          | 232          | 240          |
| IPR, brands and other intangible assets <sup>1)</sup> | 2,169        | 1,211        | 1,301        | 1,260        | 1,136        | 1,111        |
| <b>Total</b>  | <b>3,133</b> | <b>2,304</b> | <b>2,270</b> | <b>2,246</b> | <b>2,209</b> | <b>2,172</b> |
| <sup>1)</sup> <i>Of which restructuring costs</i>     | 945          |              | 14           |              |              |              |

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## Other Information

|   | Apr - Jun |       | Jan - Jun |       | Jan - Dec |
|---|-----------|-------|-----------|-------|-----------|
|   | 2010      | 2011  | 2010      | 2011  | 2010      |
| <b>Number of shares and earnings per share</b>                        |           |       |           |       |           |
| Number of shares, end of period (million)                             | 3,273     | 3,273 | 3,273     | 3,273 | 3,273     |
| <i>Of which class A-shares (million)</i>                              | 262       | 262   | 262       | 262   | 262       |
| <i>Of which class B-shares (million)</i>                              | 3,011     | 3,011 | 3,011     | 3,011 | 3,011     |
| Number of treasury shares, end of period (million)                    | 76        | 68    | 76        | 68    | 73        |
| Number of shares outstanding, basic, end of period (million)          | 3,197     | 3,205 | 3,197     | 3,205 | 3,200     |
| Numbers of shares outstanding, diluted, end of period (million)       | 3,221     | 3,232 | 3,221     | 3,232 | 3,229     |
| Average number of treasury shares (million)                           | 77        | 69    | 77        | 70    | 76        |
| Average number of shares outstanding, basic (million)                 | 3,196     | 3,204 | 3,196     | 3,203 | 3,197     |
| Average number of shares outstanding, diluted (million) <sup>1)</sup> | 3,221     | 3,231 | 3,220     | 3,230 | 3,226     |
| Earnings per share, basic (SEK)                                       | 0.59      | 0.97  | 0.98      | 2.25  | 3.49      |
| Earnings per share, diluted (SEK) <sup>1)</sup>                       | 0.58      | 0.96  | 0.98      | 2.23  | 3.46      |
| Earnings per share (Non-IFRS), diluted (SEK) <sup>2)</sup>            | 0.85      | 1.21  | 1.73      | 2.74  | 4.80      |

<sup>1)</sup> Potential ordinary shares are not considered when their conversion to ordinary shares would increase earnings per share.

<sup>2)</sup> Excluding amortizations and write-downs of acquired intangibles.

**Ratios**

|   |      |       |        |        |        |
|---|------|-------|--------|--------|--------|
| Days sales outstanding                    |      |       | 133    | 99     | 88     |
| Inventory turnover days                   | 81   | 90    | 81     | 89     | 74     |
| Payable days                              | 57   | 67    | 61     | 68     | 62     |
| Equity ratio (%)                          |      |       | 50.7%  | 51.9%  | 52.1%  |
| Return on equity (%)                      | 5.4% | 8.7%  | 4.5%   | 10.1%  | 7.8%   |
| Return on capital employed (%)            | 7.7% | 11.6% | 6.3%   | 12.6%  | 9.6%   |
| Capital turnover (times)                  | 1.1  | 1.2   | 1.0    | 1.2    | 1.1    |
| Payment readiness, end of period          |      |       | 79,290 | 84,637 | 96,951 |
| Payment readiness, as percentage of sales |      |       | 42.6%  | 39.3%  | 47.7%  |

**Exchange rates used in the consolidation**

|                        |  |      |      |      |
|------------------------|--|------|------|------|
| SEK/EUR - average rate |  | 9.82 | 8.94 | 9.56 |
| - closing rate         |  | 9.52 | 9.16 | 9.02 |
| SEK/USD - average rate |  | 7.38 | 6.35 | 7.20 |
| - closing rate         |  | 7.75 | 6.33 | 6.80 |

**Other**

|   |        |        |        |        |         |
|---|--------|--------|--------|--------|---------|
| Export sales from Sweden                    | 23,477 | 30,006 | 44,186 | 64,050 | 100,070 |
| Ericsson Planning Assumptions for Year 2011 |        |        |        |        |         |

**Research and development expenses**

We estimate R&D expenses for the full year 2011 to be at around SEK 31-33 b. The estimate includes amortizations/write-downs of intangible assets related to major acquisitions previously made. However, currency effects may cause this to change.

**Capital expenditures**

Excluding acquisitions, the capital expenditures in relation to sales are not expected to be significantly different in 2011, remaining at roughly two percent of sales.

**Utilization of provisions**

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The expected utilization of provisions for year 2011 is stated in the Annual Report 2010.

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## Consolidated Operating Income excl. Restructuring Charges

| Isolated quarters, SEK million  | 2010           |                |                |                | 2011           |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | Q1             | Q2             | Q3             | Q4             | Q1             | Q2             |
| Net sales   | 45,112         | 47,972         | 47,481         | 62,783         | 52,966         | 54,770         |
| Cost of sales   | -27,727        | -29,258        | -28,960        | -39,795        | -32,393        | -33,807        |
| <b>Gross income</b>   | <b>17,385</b>  | <b>18,714</b>  | <b>18,521</b>  | <b>22,988</b>  | <b>20,573</b>  | <b>20,963</b>  |
| Gross margin (%)  | 38.5%          | 39.0%          | 39.0%          | 36.6%          | 38.8%          | 38.3%          |
| Research and development expenses   | -7,265         | -7,133         | -7,221         | -8,257         | -7,811         | -7,900         |
| Selling and administrative expenses   | -5,881         | -6,752         | -5,731         | -6,930         | -6,433         | -6,505         |
| <b>Operating expenses</b>   | <b>-13,146</b> | <b>-13,885</b> | <b>-12,952</b> | <b>-15,187</b> | <b>-14,244</b> | <b>-14,405</b> |
| Other operating income and expenses   | 302            | 500            | 620            | 581            | 343            | 166            |
| <b>Operating income before share in earnings of JV and associated companies</b> | <b>4,541</b>   | <b>5,329</b>   | <b>6,189</b>   | <b>8,382</b>   | <b>6,672</b>   | <b>6,724</b>   |
| Operating margin before share in earnings of JV and associated companies (%)    | 10.1%          | 11.1%          | 13.0%          | 13.4%          | 12.6%          | 12.3%          |
| Share in earnings of JV and associated companies                                | -260           | -142           | 3              | -304           | -453           | -694           |
| <b>Operating income</b>   | <b>4,281</b>   | <b>5,187</b>   | <b>6,192</b>   | <b>8,078</b>   | <b>6,219</b>   | <b>6,030</b>   |
| Earnings per share (Non-IFRS), diluted (SEK) <sup>1)</sup>                      | 1.38           | 1.33           | 1.64           | 2.06           | 1.61           | 1.61           |

<sup>1)</sup> Excluding restructuring, amortizations and write-downs of acquired intangibles.

## Restructuring Charges by Function

| Isolated quarters, SEK million                                   | 2010          |               |             |               | 2011        |               |
|--|---------------|---------------|-------------|---------------|-------------|---------------|
|  | Q1            | Q2            | Q3          | Q4            | Q1          | Q2            |
| Cost of sales  | -800          | -977          | -377        | -1,200        | -185        | -257          |
| Research and development expenses                                | -261          | -619          | -468        | -334          | -180        | -208          |
| Selling and administrative expenses                              | -1,127        | -404          | -44         | -203          | -8          | -1,236        |
| <i>Subtotal Ericsson excluding Sony Ericsson and ST-Ericsson</i> | <i>-2,188</i> | <i>-2,000</i> | <i>-889</i> | <i>-1,737</i> | <i>-373</i> | <i>-1,701</i> |
| Share in Sony Ericsson charges                                   | -15           | -147          | -27         | -12           |             |               |
| Share in ST-Ericsson charges                                     | -97           | -19           | -66         | -86           | -15         | -77           |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | <i>-112</i>   | <i>-166</i>   | <i>-93</i>  | <i>-98</i>    | <i>-15</i>  | <i>-77</i>    |
| <b>Total</b>   | <b>-2,300</b> | <b>-2,166</b> | <b>-982</b> | <b>-1,835</b> | <b>-388</b> | <b>-1,778</b> |

## Restructuring Charges by Segment

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| Isolated quarters, SEK million                                   | 2010          |               |             |               | 2011        |               |
|--|---------------|---------------|-------------|---------------|-------------|---------------|
|  | Q1            | Q2            | Q3          | Q4            | Q1          | Q2            |
| Networks   | -1,450        | -885          | -593        | -987          | -205        | -1,039        |
| Global Services  | -680          | -954          | -295        | -746          | -166        | -487          |
| <i>Of which Professional Services</i>                            | -588          | -830          | -246        | -702          | -145        | -361          |
| <i>Of which Network Rollout</i>                                  | -92           | -124          | -49         | -44           | -21         | -126          |
| Multimedia   | -45           | -153          | -1          | -8            | -2          | -119          |
| Unallocated  | -13           | -8            |             | 4             |             | -56           |
| <i>Subtotal Ericsson excluding Sony Ericsson and ST-Ericsson</i> | -2,188        | -2,000        | -889        | -1,737        | -373        | -1,701        |
| Sony Ericsson  | -15           | -147          | -27         | -12           |             |               |
| ST-Ericsson  | -97           | -19           | -66         | -86           | -15         | -77           |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | -112          | -166          | -93         | -98           | -15         | -77           |
| <b>Total</b>   | <b>-2,300</b> | <b>-2,166</b> | <b>-982</b> | <b>-1,835</b> | <b>-388</b> | <b>-1,778</b> |

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## Operating Income by Segment excl. Restructuring Charges

| Isolated quarters, SEK million                                   | 2010         |              |              |              | 2011         |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           |
| Networks   | 2,990        | 3,392        | 4,310        | 5,703        | 5,949        | 5,638        |
| Global Services  | 2,005        | 2,331        | 2,186        | 2,666        | 1,312        | 1,517        |
| <i>Of which Professional Services</i>                            | <i>2,007</i> | <i>2,161</i> | <i>2,171</i> | <i>2,577</i> | <i>1,631</i> | <i>2,022</i> |
| <i>Of which Network Rollout</i>                                  | <i>-2</i>    | <i>170</i>   | <i>15</i>    | <i>89</i>    | <i>-319</i>  | <i>-505</i>  |
| Multimedia   | -290         | -326         | -186         | 366          | -336         | -148         |
| Unallocated <sup>1)</sup>  | -145         | -119         | -109         | -414         | -228         | -148         |
| <i>Subtotal Ericsson excluding Sony Ericsson and ST-Ericsson</i> | <i>4,560</i> | <i>5,278</i> | <i>6,201</i> | <i>8,321</i> | <i>6,697</i> | <i>6,859</i> |
| Sony Ericsson  | 91           | 281          | 317          | 176          | 71           | -208         |
| ST-Ericsson  | -370         | -372         | -326         | -419         | -549         | -621         |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | <i>-279</i>  | <i>-91</i>   | <i>-9</i>    | <i>-243</i>  | <i>-478</i>  | <i>-829</i>  |
| <b>Total</b>   | <b>4,281</b> | <b>5,187</b> | <b>6,192</b> | <b>8,078</b> | <b>6,219</b> | <b>6,030</b> |

## Operating Margin by Segment excl. Restructuring Charges

| As percentage of net sales, isolated quarters           | 2010       |            |            |            | 2011       |            |
|---|------------|------------|------------|------------|------------|------------|
|   | Q1         | Q2         | Q3         | Q4         | Q1         | Q2         |
| Networks  | 12%        | 13%        | 17%        | 16%        | 18%        | 17%        |
| Global Services   | 11%        | 12%        | 11%        | 12%        | 8%         | 8%         |
| <i>Of which Professional Services</i>                   | <i>15%</i> | <i>15%</i> | <i>16%</i> | <i>15%</i> | <i>13%</i> | <i>15%</i> |
| <i>Of which Network Rollout</i>                         | <i>0%</i>  | <i>3%</i>  | <i>0%</i>  | <i>1%</i>  | <i>-7%</i> | <i>-9%</i> |
| Multimedia  | -13%       | -13%       | -8%        | 11%        | -15%       | -6%        |
| <b>Subtotal excluding Sony Ericsson and ST-Ericsson</b> | <b>10%</b> | <b>11%</b> | <b>13%</b> | <b>13%</b> | <b>13%</b> | <b>13%</b> |

## EBITA by Segment excl. Restructuring Charges

| Isolated quarters, SEK million                                   | 2010         |              |              |              | 2011         |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Q1           | Q2           | Q3           | Q4           | Q1           | Q2           |
| Networks   | 3,869        | 4,240        | 5,367        | 6,583        | 6,776        | 6,456        |
| Global Services  | 2,176        | 2,477        | 2,249        | 2,863        | 1,444        | 1,637        |
| <i>Of which Professional Services</i>                            | <i>2,150</i> | <i>2,276</i> | <i>2,226</i> | <i>2,720</i> | <i>1,742</i> | <i>2,121</i> |
| <i>Of which Network Rollout</i>                                  | <i>26</i>    | <i>201</i>   | <i>23</i>    | <i>143</i>   | <i>-298</i>  | <i>-484</i>  |
| Multimedia   | -116         | -109         | -6           | 546          | -161         | 26           |
| Unallocated <sup>1)</sup>  | -145         | -119         | -108         | -412         | -226         | -148         |
| <i>Subtotal Ericsson excluding Sony Ericsson and ST-Ericsson</i> | <i>5,784</i> | <i>6,489</i> | <i>7,502</i> | <i>9,580</i> | <i>7,833</i> | <i>7,971</i> |
| Sony Ericsson  | 91           | 281          | 317          | 176          | 71           | -208         |
| ST-Ericsson  | -370         | -372         | -326         | -419         | -549         | -621         |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | <i>-279</i>  | <i>-91</i>   | <i>-9</i>    | <i>-243</i>  | <i>-478</i>  | <i>-829</i>  |

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|              |              |              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total</b> | <b>5,505</b> | <b>6,398</b> | <b>7,493</b> | <b>9,337</b> | <b>7,355</b> | <b>7,142</b> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

EBITA Margin by Segment excl. Restructuring Charges

| As percentage of net sales, isolated quarters           | 2010       |            |            |            | 2011       |            |
|---|------------|------------|------------|------------|------------|------------|
|   | Q1         | Q2         | Q3         | Q4         | Q1         | Q2         |
| Networks  | 16%        | 17%        | 21%        | 18%        | 20%        | 19%        |
| Global Services   | 12%        | 12%        | 12%        | 13%        | 8%         | 9%         |
| <i>Of which Professional Services</i>                   | <i>16%</i> | <i>15%</i> | <i>16%</i> | <i>16%</i> | <i>14%</i> | <i>16%</i> |
| <i>Of which Network Rollout</i>                         | <i>1%</i>  | <i>4%</i>  | <i>0%</i>  | <i>2%</i>  | <i>-6%</i> | <i>-9%</i> |
| Multimedia  | -5%        | -5%        | 0%         | 16%        | -7%        | 1%         |
| <b>Subtotal excluding Sony Ericsson and ST-Ericsson</b> | <b>13%</b> | <b>14%</b> | <b>16%</b> | <b>15%</b> | <b>15%</b> | <b>15%</b> |

<sup>1)</sup> *Unallocated* consists mainly of costs for corporate staffs, non-operational capital gains and losses.