

ERICSSON LM TELEPHONE CO

Form 6-K

July 19, 2016

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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 19, 2016

Commission File Number

000-12033

LM ERICSSON TELEPHONE COMPANY

(Translation of registrant's name into English)

Torshamnsgatan 21, Kista

SE-164 83, Stockholm, Sweden

(Address of principal executive offices)

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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Announcement of LM Ericsson Telephone Company, July 19, 2016 regarding Ericsson reports second quarter results 2016 .

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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/ NINA MACPHERSON
Nina Macpherson
Senior Vice President and
General Counsel

By: /s/ HELENA NORRMAN
Helena Norrman
Senior Vice President
Corporate Marketing &
Communications Officer

Date: **July 19, 2016**

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SECOND QUARTER

REPORT 2016

Stockholm, July 19, 2016

SECOND QUARTER HIGHLIGHTS**Read more
(page)**

Sales as reported decreased by -11% YoY. Sales, adjusted for comparable units and currency, decreased by -7% YoY. Mobile broadband sales continued to decline particularly in markets impacted by a weak macro-economic environment.

3

Sales grew in South East Asia and Oceania. 4G sales in Mainland China and Networks sales in North America were stable.

3

The current sales trends and business mix are expected to prevail for the second half of the year.

3

Gross margin declined to 32.3% (33.2%) YoY, mainly due to a larger share of mobile broadband coverage business with lower hardware margins, and a higher share of services business.

3

Operating margin decreased to 5.1% (5.9%) YoY, mainly due to negative revaluation effects of currency hedge contracts and a lower gross margin, partly offset by lower operating expenses and restructuring charges.

4

Further actions are initiated to reduce cost, targeting a new annual run rate of operating expenses, excluding restructuring charges, of SEK 53 b. in the second half of 2017.

3

Cash flow from operating activities was SEK -0.7 (3.1) b. Cash flow from operating activities for the first six months was SEK -3.1 (-2.8) b. Full-year cash conversion target of more than 70% remains.

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| SEK b. | Q2 2016 | Q2 2015 | YoY change | Q1 2016 | QoQ change | 6 months 2016 | 6 months 2015 |
|----------------------------------------------------------------|------------|------------|---------------|------------|---------------|------------------|------------------|
| Net sales | 54.1 | 60.7 | -11% | 52.2 | 4% | 106.3 | 114.2 |
| <i>Sales growth adj. for comparable units and currency</i> | | | -7% | | 6% | -4% | -6% |
| Gross margin | 32.3% | 33.2% | | 33.3% | | 32.8% | 34.2% |
| <i>Gross margin excluding restructuring charges</i> | 33.2% | 35.1% | | 33.9% | | 33.6% | 35.7% |
| Operating income | 2.8 | 3.6 | -22% | 3.5 | -20% | 6.2 | 5.7 |
| <i>Operating income excluding restructuring charges</i> | 3.8 | 6.3 | -40% | 4.1 | -8% | 7.9 | 9.1 |
| Operating margin | 5.1% | 5.9% | | 6.7% | | 5.9% | 5.0% |
| <i>Operating margin excluding restructuring charges</i> | 7.0% | 10.4% | | 7.9% | | 7.4% | 7.9% |
| Net income | 1.6 | 2.1 | -26% | 2.1 | -26% | 3.7 | 3.6 |
| EPS diluted, SEK | 0.48 | 0.64 | -25% | 0.60 | -20% | 1.08 | 1.04 |

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| | | | | | | | |
|---------------------------------------|------|------|-------|------|------|------|------|
| EPS (Non-IFRS), SEK ¹⁾ | 0.83 | 1.45 | -43% | 0.87 | -5% | 1.70 | 2.22 |
| Cash flow from operating activities | -0.7 | 3.1 | -123% | -2.4 | -70% | -3.1 | -2.8 |
| Net cash, end of period ²⁾ | 21.0 | 28.0 | -25% | 36.5 | -43% | 21.0 | 28.0 |

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

2) The definition of Net cash is changed to exclude post-employment benefits, see accounting policies.

Non-IFRS financial measures are reconciled to the most directly reconcilable line items in the financial statements at the end of this report.

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CEO COMMENTS

The negative industry trends from the first quarter have intensified impacting demand for mobile broadband, especially in markets with a weak macro-economic environment. We are delivering on ongoing cost reduction activities. However, in light of market development, management has, with the support of the Board of Directors, initiated significant actions to further reduce cost.

Business

Sales declined by -11% YoY. Sales, adjusted for comparable units and currency, declined by -7%. Mobile broadband sales continued to decline particularly in markets impacted by a weak macro-economic environment such as Brazil, Russia and the Middle East. In Europe, completion of mobile broadband projects in 2015 continued to have a negative effect on sales growth YoY. 4G sales in Mainland China were stable YoY as the fast pace of deployments continued.

Network sales in North America were stable YoY driven by continued mobile broadband capacity investments. Global Services sales declined in North America as activities in Professional Services were lower.

The transition from 3G to 4G continued primarily in parts of Asia, contributing to solid sales growth in region South East Asia and Oceania.

Sales in the targeted growth areas were 20% of total sales and grew by 5% in the quarter in constant currencies. We continue to focus on increasing software sales and recurrent business to improve profitability over time.

In the strategic partnership with Cisco we have engaged in more than 200 customer opportunities, spanning all major geographies. To date more than 30 deals have been closed forming a good start to reach the targeted sales of USD 1 b. for 2018.

The current sales trends and business mix are expected to prevail for the second half of the year.

Profitability

Actions have been implemented to restore Global Services profitability, primarily to rightsize the service delivery operations. Losses in Network Rollout have been significantly reduced and the operating margin, excluding restructuring charges, for Professional Services has gradually improved to 10% in the quarter.

The Networks business was impacted by lower sales and an increased share of coverage business with a lower hardware margin. The margin decline for Support Solutions was mainly due to lower OSS and BSS software sales.

Profitability declined sequentially mainly due to lower IPR licensing revenues. IPR licensing revenues in the quarter were SEK 2.2 b., representing current IPR licensing contract portfolio. Revenues in Q1 2016 were SEK 3.8 b. and included certain onetime items.

We are delivering on ongoing cost reduction activities. Operating expenses, excluding restructuring charges, have been reduced by SEK 2.1 b. to SEK 14.0 (16.1) b. YoY, mainly as a result of actions related to the global cost and efficiency program.

Actions to further reduce cost

To manage the lower demand for mobile broadband investments, a set of significant actions has been initiated to further drive efficiency improvements and reduce cost.

The cost and efficiency program targeting savings of SEK 9 b. during 2017, is progressing according to plan. In addition, we will reduce R&D investments in IP and capture efficiency gains from the new company structure. Together, these activities are expected to reduce the annual run rate of operating expenses, excluding restructuring charges, to SEK 53 b. in the second half of 2017. This is to be compared with SEK 63 b. for full-year 2014 and equates to double the previously targeted savings in operating expenses.

The new company structure was implemented as of July 1 to accelerate strategy implementation, to mirror customer ways of working and increase end-to-end accountability for business owners. The new structure will also support cost reductions and efficiency improvements, including removal of existing duplications within product development.

Given current industry trends, we will intensify our activities to reduce cost of sales and adapt our operations to a weaker mobile broadband market.

We will focus on maintaining a strong net cash position through structural improvements in working capital and profitability. In addition, the capital expenditure level will decline as the investments in the global ICT centers have peaked.

Our Networked Society strategy comprises three key elements; leverage of our installed base, investments in new revenue base for sustainable profitable growth (targeted growth areas) and generation of strong cash flow enabling long-term investments and securing a strong balance sheet. Digitalization creates new opportunities with both existing and new customers and I am confident that our strategy and the actions we now take will create future value for our shareholders.

Hans Vestberg

President and CEO

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FINANCIAL HIGHLIGHTS

| SEK b. | Q2 2016 | Q2 2015 | YoY change | Q1 2016 | QoQ change | 6 months 2016 | 6 months 2015 |
|-------------------------------------|------------|------------|---------------|------------|---------------|------------------|------------------|
| Net sales | 54.1 | 60.7 | -11% | 52.2 | 4% | 106.3 | 114.2 |
| <i>Of which Networks</i> | 26.8 | 31.2 | -14% | 25.8 | 4% | 52.6 | 57.6 |
| <i>Of which Global Services</i> | 24.5 | 26.4 | -7% | 23.0 | 6% | 47.5 | 50.3 |
| <i>Of which Support Solutions</i> | 2.9 | 3.1 | -7% | 3.4 | -15% | 6.2 | 6.2 |
| <i>Of which Modems</i> | | 0.0 | | | | | 0.1 |
| Gross income | 17.5 | 20.1 | -13% | 17.4 | 1% | 34.9 | 39.1 |
| Gross margin (%) | 32.3% | 33.2% | | 33.3% | | 32.8% | 34.2% |
| Research and development expenses | -7.4 | -9.9 | -25% | -7.5 | -1% | -14.9 | -18.4 |
| Selling and administrative expenses | -7.1 | -7.8 | -8% | -6.7 | 6% | -13.8 | -14.9 |
| Other operating income and expenses | -0.2 | 1.1 | -122% | 0.3 | -184% | 0.0 | -0.2 |
| Operating income | 2.8 | 3.6 | -22% | 3.5 | -20% | 6.2 | 5.7 |
| Operating margin | 5.1% | 5.9% | | 6.7% | | 5.9% | 5.0% |
| <i>for Networks</i> | 6% | 8% | | 11% | | 8% | 5% |
| <i>for Global Services</i> | 6% | 6% | | 3% | | 4% | 7% |
| <i>for Support Solutions</i> | -15% | -8% | | 7% | | -3% | -3% |
| <i>for Modems</i> | | | | | | | |
| Financial net | -0.5 | -0.5 | 0% | -0.5 | 13% | -1.0 | -0.6 |
| Taxes | -0.7 | -0.9 | -26% | -0.9 | -26% | -1.6 | -1.5 |
| Net income | 1.6 | 2.1 | -26% | 2.1 | -26% | 3.7 | 3.6 |
| <i>Restructuring charges</i> | -1.0 | -2.7 | -63% | -0.6 | 62% | -1.7 | -3.4 |

SECOND QUARTER COMMENTS**Net sales**

Sales as reported decreased by -11% YoY. Sales, adjusted for comparable units and currency, decreased by -7%.

Segment Networks sales declined YoY mainly due to lower mobile broadband sales in markets with a weak macro-economic environment. A further delayed spectrum auction in India and completion of major projects in Europe in 2015 impacted mobile broadband sales negatively YoY. Sales in Mainland China declined YoY due to lower 3G sales. 4G sales in Mainland China were stable YoY with continued fast pace of deployments. Sales continued to grow in South East Asia, driven by large mobile broadband deployment projects. Sales in North America remained stable YoY.

Sales in Segment Global Services declined YoY, impacted by currency. Despite growth in Consulting and Systems Integration, Professional Services sales declined due to lower Managed Services sales following the re-scoping and exiting of specific contracts. Network Rollout sales continued to decline YoY due to lower mobile broadband activities.

Sales in Support Solutions decreased YoY due to lower sales in OSS and BSS partly because of lower software licensing sales in transformation projects. Sales increased in TV & Media, driven by compression business. Since the

acquisition of Envivio last year, Ericsson offers both hardware and software compression.

Sales increased slightly QoQ partly offset by lower IPR licensing revenues.

Gross margin

Gross margin declined YoY mainly due to a larger share of mobile broadband coverage business with lower hardware margins and a higher share of services business.

Gross margin declined sequentially, mainly due to lower IPR licensing revenues and a higher share of services sales, partly offset by improved Global Services margins in both Professional Services and Network Rollout.

IPR licensing revenues in the quarter were SEK 2.2 b., representing current IPR licensing contract portfolio. Revenues were SEK 3.8 b. in Q1, 2016, and included certain one-time items.

Cost and efficiency program and restructuring charges

The cost and efficiency program, with the target to achieve net annual savings of SEK 9 b. during 2017 relative to 2014, is progressing according to plan. Total savings remains equally distributed between cost of sales and operating expenses.

In addition, the company will capture efficiency gains from the new company structure as well as reduce R&D investments in IP. The annual run rate for operating expenses, excluding restructuring charges, is thereby expected to decline to SEK 53 b. in the second half of 2017. This is to be compared with SEK 63 b. for full-year 2014.

Given current industry trends, the company will also intensify its activities to reduce cost of sales and adapt our operations to a weaker mobile broadband market.

The estimate for total restructuring charges in 2016 remains at SEK 4-5 b.

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Operating expenses

Operating expenses decreased YoY, mainly in R&D expenses due to savings related to the cost and efficiency program and lower restructuring charges. Lower amortization of intangible assets and increased capitalized development expenses also contributed to lower expenses. Operating expenses, excluding restructuring charges, were SEK 14.0. (16.1) b.

Other operating income and expenses

Other operating income and expenses declined YoY due to negative revaluation effects of currency hedge contracts in the quarter and a capital gain of SEK 0.3 b. in Q2, 2015. The revaluation and realization effects of currency hedge contracts were SEK -0.5 b. This is to be compared with SEK 0.2 b. in Q1, 2016 and SEK 0.6 b. in Q2, 2015.

The main part of the currency hedge contract balance is in USD. The SEK weakened against the USD between June 30, 2016 (SEK/USD rate 8.45) and March 31, 2016 (SEK/USD rate 8.11).

Operating income

Operating income decreased YoY, due to lower sales, negative revaluation effects of currency hedge contracts and a lower gross margin. The decrease in operating income was partly offset by lower operating expenses and lower restructuring charges.

Operating income decreased QoQ due to negative effects from currency hedge contracts, a lower gross margin and higher restructuring charges. The decrease in operating income was partly offset by higher sales.

Financial net

Financial net remained stable at SEK -0.5 b., both YoY and QoQ. Financial income improved YoY and QoQ while financial expenses increased YoY and QoQ. The financial net was impacted by low interest rates and depreciated local currencies in certain markets.

Taxes

The tax rate was stable YoY and QoQ.

Net income and EPS

Net income and EPS diluted decreased YoY and QoQ, following lower operating income. EPS diluted was SEK 0.48 (0.64) and EPS (Non-IFRS) was SEK 0.83 (1.45).

Employees

The number of employees on June 30, 2016 was 116,507 compared with 115,300 on March 31, 2016. Almost 4,000 employees left the company in the quarter. The acquisition of Ericpol, adding 2,300 resources, contributed to the total increase in the headcount of the company.

Modems

The discontinuation of the modems business was completed in Q3 2015.

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REGIONAL SALES

| SEK b. | Second quarter 2016 | | | Total | Change | |
|----------------------------------|---------------------|-----------------|-------------------|-------------|-------------|-----------|
| | Global Networks | Global Services | Support Solutions | | YoY | QoQ |
| North America | 6.6 | 6.1 | 0.7 | 13.4 | -8% | 2% |
| Latin America | 2.1 | 2.3 | 0.2 | 4.5 | -10% | 12% |
| Northern Europe and Central Asia | 1.0 | 1.1 | 0.1 | 2.1 | -18% | -6% |
| Western and Central Europe | 1.7 | 2.6 | 0.1 | 4.5 | -13% | 13% |
| Mediterranean | 2.1 | 3.1 | 0.2 | 5.4 | -8% | 26% |
| Middle East | 1.9 | 2.8 | 0.3 | 4.9 | -24% | 38% |
| Sub-Saharan Africa | 1.0 | 1.2 | 0.1 | 2.3 | -13% | 9% |
| India | 1.0 | 1.3 | 0.2 | 2.4 | -20% | -10% |
| North East Asia | 4.2 | 1.8 | 0.1 | 6.0 | -13% | 8% |
| South East Asia and Oceania | 3.2 | 2.0 | 0.1 | 5.3 | 8% | 1% |
| Other ¹⁾ | 2.0 | 0.3 | 0.8 | 3.2 | -6% | -41% |
| Total | 26.8 | 24.5 | 2.9 | 54.1 | -11% | 4% |

¹⁾ Region Other includes licensing revenues, broadcast services, power modules, mobile broadband modules, Ericsson-LG Enterprise and other businesses.

North America

Networks sales in North America were stable YoY driven by continued mobile broadband capacity investments. Sales in Professional Services were lower, YoY, following strong sales in Q2, 2015, and lower CDMA services sales. However, deployments in new spectrum, preparation for 5G and ICT transformation are high on customer agendas.

Latin America

Mobile broadband investments continued to decline, impacted by a weak macro-economic environment and local currency depreciation. However, mobile broadband investments in Mexico continued to increase YoY.

Northern Europe and Central Asia

Lower Networks sales were driven by further declining mobile broadband investments, especially in Russia. The macro-economic environment remains challenging in the region. Professional Services sales continued to develop favorably with growth in Managed Services in the Nordics.

Western and Central Europe

Completion of mobile broadband projects in 2015 continued to have a negative effect on sales growth YoY. Operators continued to focus on investments in capacity and quality in order to improve end-user experience. Professional

Services sales remained stable.

Mediterranean

Sales declined due to lower investments in mobile broadband infrastructure as major projects were completed. However there is an increasing share of capacity investments. ICT transformation of TV & Media developed favorably.

Middle East

Networks sales declined mainly due to completion of a deployment project in Ethiopia and continued macro-economic challenges, resulting in lower mobile broadband investments. The services business developed favorably, mainly in the Professional Services domains.

Sub-Saharan Africa

Sales declined mainly due to a lower level of investments, impacted by lower oil prices, and the ramping down of a sizable mobile broadband project in South Africa. Floating of the Nigerian currency resulted in a devaluation of more than 40% in June, also impacting investment decisions negatively. However, mobile broadband sales increased somewhat as certain markets are investing in network improvements and introduction of 4G.

India

A further delayed spectrum auction slowed investments, impacting sales YoY negatively. Professional Services continued to progress positively.

North East Asia

4G deployments in Mainland China continued as projected, while core network deployments increased QoQ. In Korea and Japan, investments continued on lower levels as the initial 4G networks were built with high density as well as good capacity.

South East Asia and Oceania

Sales growth was primarily driven by mobile broadband investments in Thailand and Indonesia, moving from coverage projects to capacity business. Professional Services developed favorably, mainly driven by Managed Services.

Other

IPR licensing revenues in the quarter were SEK 2.2 b., representing the current IPR licensing contract portfolio. Revenues in Q1 2016 were SEK 3.8 b. and included certain one-time items.

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SEGMENT RESULTS

NETWORKS

| SEK b. | Q2 2016 | Q2 2015 | YoY change | Q1 2016 | QoQ change | 6 months 2016 | 6 months 2015 |
|----------------------------------------------------------------|------------|------------|---------------|------------|---------------|------------------|------------------|
| Net sales | 26.8 | 31.2 | -14% | 25.8 | 4% | 52.6 | 57.6 |
| <i>Sales growth adj. for comparable units and currency</i> | | | -11% | | 6% | -7% | -9% |
| Operating income | 1.6 | 2.4 | -35% | 2.7 | -42% | 4.3 | 3.0 |
| <i>Operating income excluding restructuring charges</i> | 2.2 | 4.3 | -49% | 3.0 | -27% | 5.2 | 5.0 |
| Operating margin | 6% | 8% | | 11% | | 8% | 5% |
| <i>Operating margin excluding restructuring charges</i> | 8% | 14% | | 12% | | 10% | 9% |
| EBITA margin | 7% | 10% | | 11% | | 9% | 7% |
| <i>Restructuring charges</i> | -0.6 | -1.8 | -67% | -0.3 | 106% | -0.9 | -2.0 |

Net sales

Sales as reported decreased by -14% YoY mainly due to lower mobile broadband sales in markets with a weak macroeconomic environment. A further delayed spectrum auction in India slowed investments and completion of major projects in Europe in 2015 impacted mobile broadband sales negatively YoY. Sales in Mainland China declined YoY due to lower 3G sales. 4G sales in Mainland China were stable YoY with continued fast pace of deployments. Sales continued to grow in South East Asia, driven by large mobile broadband deployment projects. Sales in North America remained stable YoY.

Sales, adjusted for comparable units and currency, decreased by -11% YoY.

Sales increased QoQ, primarily driven by growth in regions North East Asia and Mediterranean, but was partly offset by a sales decline in region Northern Europe and Central Asia as well as in India.

Deliveries of Ericsson Radio System started at the end of 2015 and will scale to larger volumes during the latter part of this year.

The company has engaged in more than 200 customer opportunities, together with Cisco, spanning all major geographies, except for Brazil where regulatory approval is still pending. To date more than 30 deals have been closed.

Operating income and margin

Operating income and margin decreased YoY mainly due to lower sales volumes, a higher share of coverage business with lower hardware margins and negative revaluation effects of currency hedge contracts. Operating expenses declined significantly YoY, mainly as a result of the ongoing cost and efficiency program.

Sequentially, operating income and margin decreased due to lower IPR licensing revenues.

The effects of revaluation and realization of currency hedge contracts were negative at SEK -0.4 (0.5) b. in the quarter. In Q1, 2016, the effects of currency hedge contracts were positive at SEK 0.2 b.

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| SEK b. | Q2 2016 | Q2 2015 | YoY change | Q1 2016 | QoQ change | 6 months 2016 | 6 months 2015 |
|----------------------------------------------------------------|------------|------------|---------------|------------|---------------|------------------|------------------|
| Net sales | 24.5 | 26.4 | -7% | 23.0 | 6% | 47.5 | 50.3 |
| <i>Of which Professional Services</i> | 18.7 | 20.0 | -7% | 17.9 | 4% | 36.6 | 38.1 |
| <i>Of which Managed Services</i> | 7.3 | 8.2 | -10% | 7.4 | 0% | 14.7 | 15.7 |
| <i>Of which Network Rollout</i> | 5.8 | 6.4 | -9% | 5.1 | 14% | 10.9 | 12.2 |
| <i>Sales growth adj. for comparable units and currency</i> | | | -3% | | 8% | -2% | -2% |
| Operating income | 1.5 | 1.6 | -10% | 0.6 | 130% | 2.1 | 3.3 |
| <i>Of which Professional Services</i> | 1.7 | 2.4 | -30% | 1.3 | 30% | 3.0 | 4.5 |
| <i>Of which Network Rollout</i> | -0.2 | -0.8 | -75% | -0.6 | -70% | -0.8 | -1.2 |
| Operating margin | 6% | 6% | | 3% | | 4% | 7% |
| <i>for Professional Services</i> | 9% | 12% | | 7% | | 8% | 12% |
| <i>for Network Rollout</i> | -3% | -12% | | -13% | | -8% | -10% |
| <i>Operating income excluding restructuring charges</i> | 1.8 | 2.3 | -21% | 1.0 | 91% | 2.8 | 4.4 |
| <i>Operating margin excluding restructuring charges</i> | 7% | 9% | | 4% | | 6% | 9% |
| EBITA margin | 7% | 7% | | 4% | | 5% | 8% |
| <i>Restructuring charges</i> | -0.3 | -0.7 | -50% | -0.3 | 10% | -0.7 | -1.1 |

Net sales

Sales as reported decreased -7% YoY. Sales, adjusted for comparable units and currency, declined by -3% YoY. Despite growth in Consulting and Systems Integration, Professional Services sales declined with lower Managed Services sales following the re-scoping and exiting of specific contracts. In North America, Professional Services sales declined YoY following strong sales in Q2, 2015, and lower CDMA services sales

Network Rollout sales continued to decline YoY due to lower mobile broadband activities.

Sales increased by 6% QoQ following a seasonally weak Q1.

Operating income and margin

Operating income decreased slightly YoY in Global Services with reduced profitability in Professional Services while Network Rollout operating income improved.

Sequentially, Global Services operating income improved significantly driven by rightsizing activities in service delivery operations and performance improvement in transformation projects. However, Professional Services margin continues to be negatively impacted by a large number of systems integration transformation projects in a start-up phase. QoQ, the operating margin, excluding restructuring charges, gradually improved to 10% (9%).

Network Rollout operating margin, excluding restructuring charges, improved QoQ to -2% (-11%). Activities continued in order to adapt the service delivery operations to current mobile broadband project volumes.

| | Q2 2016 | Q1 2016 | Full year 2015 |
|---------------------------------------------------------------------------------------|------------|------------|-------------------|
| Number of signed Managed Services contracts | 20 | 21 | 101 |
| Number of signed significant consulting & systems integration contracts ¹⁾ | 18 | 13 | 66 |

¹⁾ In the areas of OSS and BSS, IP, Service Delivery Platforms and data center build projects.

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| SEK b. | Q2 2016 | Q2 2015 | YoY change | Q1 2016 | QoQ change | 6 months 2016 | 6 months 2015 |
|----------------------------------------------------------------|------------|------------|---------------|------------|---------------|------------------|------------------|
| Net sales | 2.9 | 3.1 | -7% | 3.4 | -15% | 6.2 | 6.2 |
| <i>Sales growth adj. for comparable units and currency</i> | | | | | | | |
| Operating income | -0.4 | -0.2 | 75% | 0.2 | -277% | -0.2 | -0.2 |
| <i>Operating income excluding restructuring charges</i> | -0.4 | 0.0 | | 0.3 | | -0.1 | 0.1 |
| Operating margin | -15% | -8% | | 7% | | -3% | -3% |
| <i>Operating margin excluding restructuring charges</i> | -12% | -2% | | 8% | | -1% | 1% |
| EBITA margin | -6% | 0% | | 15% | | 5% | 5% |
| <i>Restructuring charges</i> | -0.1 | -0.2 | -65% | 0.0 | | -0.1 | -0.2 |

Net sales

Sales as reported decreased -7% YoY due to lower sales in OSS and BSS partly because of lower software licensing sales in transformation projects. The underlying demand for OSS and BSS remains as operators continue to prioritize digital transformation and cost optimization. A multi-country, multi-year BSS infrastructure contract with Vimpelcom, estimated to generate more than USD 1 b. in net sales, was signed in the quarter. The overall transition of business models continues, from traditional telecom software licenses to recurrent license revenue deals.

Sales increased in TV & Media, driven by compression business. Since the acquisition of Envivio last year, Ericsson now offers both hardware and software compression.

Sales, adjusted for comparable units and currency, decreased by -6% YoY.

Sales declined QoQ, following strong IPR licensing revenues in the previous quarter.

Operating income and margin

Operating income and margin declined YoY, mainly due to lower OSS and BSS software sales. Lower restructuring charges partly offset the decline in operating income.

Operating income declined sequentially, mainly as an effect of lower IPR licensing revenues.

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CASH FLOW

| SEK b. | Q2 2016 | Q2 2015 | Q1 2016 |
|------------------------------------------------|-------------|-------------|-------------|
| Net income reconciled to cash | 1.3 | 3.4 | 3.6 |
| Changes in operating net assets | -2.0 | -0.3 | -6.0 |
| Cash flow from operating activities | -0.7 | 3.1 | -2.4 |
| Cash flow from investing activities | 1.4 | 7.0 | -1.0 |
| Cash flow from financing activities | -9.3 | -10.6 | 0.1 |
| Net change in cash and cash equivalents | -7.0 | -2.3 | -4.3 |
| <i>Cash conversion (%)</i> | <i>-54%</i> | <i>90%</i> | <i>-65%</i> |

Cash flow from operating activities was SEK -0.7 (3.1) b. The decline was due to increased inventory and large tax payments. The inventory increase is an effect of lower demand for mobile broadband investments in markets negatively impacted by a weak macro-economic environment and the inventory is expected to decrease in the second half of 2016. Year to date, cash flow from operating activities was SEK -3.1 (-2.8) b. The full-year cash conversion target of more than 70% remains.

Cash outlays related to restructuring charges were SEK -0.6 b. in the quarter.

Cash flow from investing activities was impacted by investments in property, plant and equipment of SEK -1.5 b., mainly related to continued investments in Global ICT centers. The capital expenditure level will decline as the investments in the Global ICT centers have peaked.

Development expenses of SEK -1.1 b. were capitalized. Several small acquisitions, such as Ericpol and NodePrime, were made in the quarter.

Cash flow from financing activities amounted to SEK -9.3 b. and were impacted by the dividend payout of SEK -12.1 b.

| Working capital KPIs, number of days | Jan-Jun 2016 | Jan-Mar 2016 | Jan-Dec 2015 | Jan-Sep 2015 | Jan-Jun 2015 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Sales outstanding (target: <90) | 115 | 108 | 87 | 113 | 112 |
| Inventory (target: <65) | 81 | 80 | 64 | 72 | 74 |
| Payable (target: >60) | 59 | 58 | 53 | 55 | 57 |

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FINANCIAL POSITION

| | Jun 30 2016 | Jun 30 2015 | Mar 31 2016 |
|--------------------------------|----------------|----------------|----------------|
| SEK b. | | | |
| + Short-term investments | 19.8 | 20.8 | 25.1 |
| + Cash and cash equivalents | 28.9 | 33.0 | 35.9 |
| Gross cash | 48.8 | 53.8 | 61.0 |
| - Interest bearing liabilities | 27.8 | 25.8 | 24.5 |
| Net cash | 21.0 | 28.0 | 36.5 |
| Equity | 136.7 | 136.7 | 145.6 |
| Total assets | 277.4 | 278.9 | 280.3 |
| Capital turnover (times) | 1.1 | 1.3 | 1.1 |
| Return on capital employed (%) | 6.5% | 6.9% | 6.9% |
| Equity ratio (%) | 49.3% | 49.0% | 52.0% |
| Return on equity (%) | 5.0% | 5.9% | 5.4% |

Net cash decreased by SEK -15.5 b. in the quarter mainly as a result of the dividend payout of SEK -12.1 b., increased working capital and large tax payments. The net cash position was SEK 21.0 b.

Post-employment benefits were SEK 27.3 b., compared with SEK 25.7 b. on March 31, 2016, following lower discount rates.

The average maturity of long-term borrowings as of June 30, 2016, was 4.3 years, compared with 5.3 years 12 months earlier.

In the quarter, the revolving Credit Facility of USD 2.0 b. was extended with one year. The facility will expire in 2021.

Debt maturity profile, Parent Company

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PARENT COMPANY

Income after financial items was SEK 13.2 (9.0) b. The increase was mainly due to higher recognized dividends from subsidiaries compared with last year.

Major changes in the Parent Company's financial position for the year; decreased cash, cash equivalents and short-term investments of SEK 15.4 b. In the quarter, the dividend payment of SEK 12.1 b. was made, as decided by the Annual General Meeting.

At the end of the quarter, cash, cash equivalents and short-term investments amounted to SEK 33.3 (34.2) b.

The Parent Company has recognized dividends from subsidiaries of SEK 12.6 b. in the quarter.

In accordance with the conditions of the long-term variable compensation program (LTV) for Ericsson employees, 3,132,556 shares from treasury stock were distributed to employees or sold in the second quarter. The holding of treasury stock on June 30, 2016, was 69,269,921 Class B shares.

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OTHER INFORMATION

Ericsson resolved on an acquisition offer for C shares for LTV 2016

On April 28, 2016, Ericsson announced that, in accordance with the resolution by the Annual General Meeting 2016, the company expands its treasury stock in order to provide shares for the Long-Term Variable Compensation Program (LTV) 2016 for employees in Ericsson.

The Board of Directors of Ericsson has resolved, by virtue of an authorization given by the Annual General Meeting on April 13, 2016, to direct an acquisition offer to all holders of C shares to acquire these shares. Acquisition shall be made during the period May 5 - May 20, 2016. Payment for acquired shares shall be made in cash with SEK 5 per share.

The offer is part of the financing of Ericsson's Long-Term Variable Compensation Program 2016 and includes all 26,100,000 C shares which Ericsson has previously decided to issue to AB Industrivärden and Investor AB for the program.

AB Industrivärden and Investor AB have informed Ericsson that they intend to accept the offer.

Once all 26,100,000 C shares have been acquired by Ericsson, the Board intends to convert them to B shares. After the conversion, the number of B shares in issue will amount to 3,069,395,752. On April 28, 2016, Ericsson held 46,002,257 B shares as treasury stock.

Ericsson's Nomination Committee appointed

On May 18, 2016, Ericsson announced that the Nomination Committee for the Annual General Meeting (AGM) 2017 had been appointed in accordance with the instruction for the Nomination Committee, resolved by the Annual General Meeting 2012. The Nomination Committee consists of: Petra Hedengran, Investor AB; Johan Held, Afa Försäkring, Leif Johansson, the Chairman of the Board of Directors, Bengt Kjell, AB Industrivärden and Handelsbankens Pensionsstiftelse; and Anders Oscarsson, AMF - Försäkring och Fonder. Petra Hedengran is the Chairman of the Nomination Committee.

Increase in the total number of shares and votes in Telefonaktiebolaget LM Ericsson

On May 31, 2016, Ericsson confirmed that the company's share capital amounts to SEK 16,655,758,678 and the total number of shares is 3,331,151,735, of which 261,755,983 are A shares and 3,069,395,752 are B shares. The total number of votes is 568,695,558.2, of which class A shares represent 261,755,983 votes and class B shares represent 306,939,575.2 votes. The increase in the number of shares and votes is caused by the company's recent issue of 26,100,000 C shares, which shares have subsequently been repurchased by the company and converted into B shares, by virtue of a conversion clause in the articles of association. This is in accordance with the resolution by the Annual General Meeting 2016 to expand the treasury stock as part of the financing of Ericsson's Long-Term Variable Compensation Program (LTV) 2016. On May 31, 2016, the company held 69,331,486 shares as treasury stock.

Voluntary request from US Authorities

On June 17, 2016, after speculation in media regarding alleged corruption investigations, Ericsson issued a statement commenting on the media reports. Ericsson clarified that in March 2013, it received a voluntary request from US Authorities to answer a number of questions relating to Ericsson's operations, confirmed by the company already in 2013. Ericsson cooperates with US Authorities to answer these and additional questions. Ericsson has not provided any detailed comments on the request or the questions as such, or if they relate to specific regions or countries, but confirms that it relates to Ericsson's anti-corruption program and questions related to the Foreign Corrupt Practices Act.

Greek investigation into contract from 1999

On June 19, 2016, Ericsson gave an update about an investigation in Greece relating to a defense agreement signed in 1999 in which Ericsson Microwave Systems delivered an airborne radar system to Greece. Ericsson commented publicly on this case more than two years ago, including in conjunction with its Annual General Meeting. Ericsson Microwave Systems was sold by Ericsson in 2006. Recently, as part of the ongoing investigation, seven current and former Ericsson employees have been served with summons in preliminary investigation proceedings by a Greek prosecutor involving allegations of possible corruption. Ericsson has not been contacted by any authority in this matter.

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RISK FACTORS

Ericsson's operational and financial risk factors and uncertainties are described in our Annual Report 2015.

Risk factors and uncertainties in focus short term for the Parent Company and the Ericsson Group include, but are not limited to:

Potential negative effects on operators' willingness to invest in network development due to uncertainty in the financial markets and a weak economic business environment, or reduced consumer telecom spending, or increased pressure on us to provide financing, or delayed auctions of spectrums;

Uncertainty regarding the financial stability of suppliers, for example due to lack of financing;

Effects on gross margins and/or working capital of the business mix in the Networks segment between capacity sales and new coverage build-outs;

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

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;

New JV arrangements or partnerships which may not be successful and expose us to future costs;

Changes in foreign exchange rates, in particular USD;

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;
No guarantees that specific restructuring or cost-savings initiatives will be sufficient, successful or executed in time to deliver any improvements in short-term earnings;

Brexit might lead to economic uncertainty which may impact operators' investment levels. Various geopolitical forces may impact the global economy and our business.

Cyber security incidents, which may have material negative impact.

Ericsson stringently monitors the compliance with all relevant trade regulations and trade embargos applicable to dealings with customers operating in countries where there are trade restrictions or trade restrictions are discussed. Ericsson operates globally in accordance with Group policies and directives for business ethics and conduct and has a dedicated anti-corruption program. However, in some of the countries where the company operates, corruption risks can be high and compliance failure could have a material adverse impact on our business, financial condition and brand.

This report has not been reviewed by Telefonaktiebolaget LM Ericsson's auditor.

Date for next report: October 21, 2016

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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 19, 2016

Telefonaktiebolaget LM Ericsson (publ)

Org. Nr. 556016-0680

Helena Stjernholm
Deputy Chairman

Nora Denzel
Member of the Board

Kristin Skogen Lund
Member of the Board

Pehr Claesson
Member of the Board

Leif Johansson
Chairman

Börje Ekholm
Member of the Board

Kristin S. Rinne
Member of the Board

Hans Vestberg
President, CEO and member of the Board

Mikael Lännqvist
Member of the Board

Jacob Wallenberg
Deputy Chairman

Ulf J. Johansson
Member of the Board

Sukhinder Singh Cassidy
Member of the Board

Karin Åberg
Member of the Board

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EDITOR S NOTE

Ericsson invites media, investors and analysts to a press conference at the Ericsson Studio, Grönlandsgången 4, Stockholm, at 09.00 (CET), July 19, 2016. A financial analyst, investor and media conference call will begin at 14.00 (CET).

Live webcast of the press conference and conference call as well as supporting slides will be available at

www.ericsson.com/press and

www.ericsson.com/investors

Video material will be published during the day on

www.ericsson.com/press

For further information, please contact:

Helena Norrman, Senior Vice President, Chief Marketing and Communications Officer

Phone: +46 10 719 34 72

E-mail: investor.relations@ericsson.com or

media.relations@ericsson.com

Telefonaktiebolaget LM Ericsson

Org. number: 556016-0680

Torshamnsgatan 21

SE-164 83 Stockholm

Phone: +46 10 719 00 00

www.ericsson.com

Investors

Peter Nyquist, Vice President,

Head of Investor Relations

Phone: +46 10 714 64 49, +46 70 575 29 06

E-mail: peter.nyquist@ericsson.com

Stefan Jelvin, Director,

Investor Relations

Phone: +46 10 714 20 39, +46 70 986 02 27

E-mail: stefan.jelvin@ericsson.com

Åsa Konnbjer, Director,

Investor Relations

Phone: +46 10 713 39 28, +46 73 082 59 28

E-mail: asa.konnbjer@ericsson.com

Rikard Tunedal, Director,

Investor Relations

Phone: +46 10 714 54 00, +46 761 005 400

E-mail: rikard.tunedal@ericsson.com

Media

Ola Rembe, Vice President,

Head of External Communications

Phone: +46 10 719 97 27, +46 73 024 48 73

E-mail: media.relations@ericsson.com

Corporate Communications

Phone: +46 10 719 69 92

E-mail: media.relations@ericsson.com

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SAFE HARBOR STATEMENT

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, continue, and variations or negatives 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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FINANCIAL STATEMENTS AND

ADDITIONAL INFORMATION

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CONSOLIDATED INCOME STATEMENT

| SEK million | 2016 | Apr-Jun 2015 | Change | 2016 | Jan-Jun 2015 | Change |
|---------------------------------------------------|----------------|-----------------|-------------|----------------|-----------------|-------------|
| Net sales | 54,108 | 60,671 | -11% | 106,317 | 114,191 | -7% |
| Cost of sales | -36,613 | -40,536 | -10% | -71,432 | -75,092 | -5% |
| Gross income | 17,495 | 20,135 | -13% | 34,885 | 39,099 | -11% |
| Gross margin (%) | 32.3% | 33.2% | | 32.8% | 34.2% | |
| Research and development expenses | -7,405 | -9,896 | -25% | -14,890 | -18,383 | -19% |
| Selling and administrative expenses | -7,109 | -7,765 | -8% | -13,829 | -14,896 | -7% |
| Operating expenses | -14,514 | -17,661 | -18% | -28,719 | -33,279 | -14% |
| Other operating income and expenses | -230 | 1,059 | | 43 | -181 | |
| Shares in earnings of JV and associated companies | 12 | 27 | | 29 | 54 | |
| Operating income | 2,763 | 3,560 | -22% | 6,238 | 5,693 | 10% |
| Financial income | 139 | -238 | | 50 | 446 | |
| Financial expenses | -666 | -290 | | -1,043 | -1,030 | |
| Income after financial items | 2,236 | 3,032 | -26% | 5,245 | 5,109 | 3% |
| Taxes | -670 | -909 | | -1,573 | -1,532 | |
| Net income | 1,566 | 2,123 | -26% | 3,672 | 3,577 | 3% |
| Net income attributable to: | | | | | | |
| Stockholders of the Parent Company | 1,587 | 2,094 | | 3,553 | 3,413 | |
| Non-controlling interests | -21 | 29 | | 119 | 164 | |
| Other information | | | | | | |
| Average number of shares, basic (million) | 3,261 | 3,247 | | 3,259 | 3,246 | |
| Earnings per share, basic (SEK) ¹⁾ | 0.49 | 0.64 | | 1.09 | 1.05 | |
| Earnings per share, diluted (SEK) ¹⁾ | 0.48 | 0.64 | | 1.08 | 1.04 | |

¹⁾ Based on Net income attributable to stockholders of the Parent Company.

STATEMENT OF COMPREHENSIVE INCOME

| SEK million | Apr-Jun | | Jan-Jun | |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| Net income | 1,566 | 2,123 | 3,672 | 3,577 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Remeasurements of defined benefits pension plans incl. asset ceiling | -941 | -1,562 | -4,443 | -4,773 |
| Tax on items that will not be reclassified to profit or loss | 235 | 610 | 1,188 | 1,304 |

Items that may be reclassified to profit or loss

| | | | | |
|--------------------------------------------------------------------------|--------------|---------------|---------------|---------------|
| Cash flow hedges | | | | |
| Gains/losses arising during the period | | | | |
| Reclassification adjustments for gains/losses included in profit or loss | | | | |
| Revaluation of other investments in shares and participations | | | | |
| Fair value remeasurement | | | -4 | 181 |
| Changes in cumulative translation adjustments | 1,981 | -2,626 | 848 | 1,783 |
| Share of other comprehensive income on JV and associated companies | 10 | -92 | -366 | -96 |
| Tax on items that may be reclassified to profit or loss | | | | |
| Total other comprehensive income, net of tax | 1,285 | -3,670 | -2,777 | -1,601 |
| Total comprehensive income | 2,851 | -1,547 | 895 | 1,976 |
| Total comprehensive income attributable to: | | | | |
| Stockholders of the Parent Company | 2,843 | -1,515 | 750 | 1,790 |
| Non-controlling interest | 8 | -32 | 145 | 186 |

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CONSOLIDATED BALANCE SHEET

| SEK million | Jun 30 2016 | Mar 31 2016 | Dec 31 2015 |
|------------------------------------------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | | |
| Capitalized development expenses | 7,064 | 6,349 | 5,493 |
| Goodwill | 41,913 | 40,316 | 41,087 |
| Intellectual property rights, brands and other intangible assets | 8,035 | 8,400 | 9,316 |
| Property, plant and equipment | 16,856 | 16,127 | 15,901 |
| Financial assets | | | |
| Equity in JV and associated companies | 787 | 851 | 1,210 |
| Other investments in shares and participations | 1,178 | 1,090 | 1,275 |
| Customer finance, non-current | 2,315 | 1,663 | 1,739 |
| Other financial assets, non-current | 5,061 | 4,997 | 5,634 |
| Deferred tax assets | 14,451 | 14,117 | 13,183 |
| | 97,660 | 93,910 | 94,838 |
| Current assets | | | |
| Inventories | 34,660 | 32,252 | 28,436 |
| Trade receivables | 68,461 | 66,701 | 71,069 |
| Customer finance, current | 2,532 | 2,346 | 2,041 |
| Other current receivables | 25,297 | 24,105 | 21,709 |
| Short-term investments | 19,846 | 25,077 | 26,046 |
| Cash and cash equivalents | 28,931 | 35,934 | 40,224 |
| | 179,727 | 186,415 | 189,525 |
| Total assets | 277,387 | 280,325 | 284,363 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Stockholders' equity | 135,746 | 144,699 | 146,525 |
| Non-controlling interest in equity of subsidiaries | 945 | 945 | 841 |
| | 136,691 | 145,644 | 147,366 |
| Non-current liabilities | | | |
| Post-employment benefits | 27,323 | 25,715 | 22,664 |
| Provisions, non-current | 245 | 158 | 176 |
| Deferred tax liabilities | 2,036 | 2,098 | 2,472 |
| Borrowings, non-current | 18,164 | 22,110 | 22,744 |
| Other non-current liabilities | 2,030 | 1,834 | 1,851 |
| | 49,798 | 51,915 | 49,907 |

Current liabilities

| | | | |
|---------------------------|---------------|---------------|---------------|
| Provisions, current | 3,142 | 3,374 | 3,662 |
| Borrowings, current | 9,653 | 2,414 | 2,376 |
| Trade payables | 23,709 | 21,549 | 22,389 |
| Other current liabilities | 54,394 | 55,429 | 58,663 |
| | 90,898 | 82,766 | 87,090 |

Total equity and liabilities

| | | | |
|--|----------------|----------------|----------------|
| | 277,387 | 280,325 | 284,363 |
|--|----------------|----------------|----------------|

| | | | |
|----------------------------------------------|--------|--------|--------|
| <i>Of which interest-bearing liabilities</i> | 27,817 | 24,524 | 25,120 |
|----------------------------------------------|--------|--------|--------|

| | | | |
|--------------------------|--------|--------|--------|
| <i>Of which net cash</i> | 20,960 | 36,487 | 41,150 |
|--------------------------|--------|--------|--------|

| | | | |
|------------------------------|-------|-------|-------|
| Assets pledged as collateral | 2,523 | 2,513 | 2,526 |
|------------------------------|-------|-------|-------|

| | | | |
|------------------------|-------|-----|-----|
| Contingent liabilities | 1,003 | 918 | 922 |
|------------------------|-------|-----|-----|

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CONSOLIDATED STATEMENT

OF CASH FLOWS

| SEK million | Apr-Jun | | Jan-Jun | | Jan-Dec |
|--------------------------------------------------------------------|---------------|----------------|----------------|---------------|----------------|
| | 2016 | 2015 | 2016 | 2015 | 2015 |
| Operating activities | | | | | |
| Net income | 1,566 | 2,123 | 3,672 | 3,577 | 13,673 |
| Adjustments to reconcile net income to cash | | | | | |
| Taxes | -3,410 | -1,360 | -4,618 | -3,281 | -2,835 |
| Earnings/dividends in JV and associated companies | 73 | 49 | 57 | 27 | 130 |
| Depreciation, amortization and impairment losses | 2,104 | 2,579 | 4,201 | 5,260 | 10,206 |
| Other | 988 | 22 | 1,640 | 966 | 3,110 |
| | 1,321 | 3,413 | 4,952 | 6,549 | 24,284 |
| Changes in operating net assets | | | | | |
| Inventories | -1,667 | 383 | -5,879 | -3,636 | -366 |
| Customer finance, current and non-current | -816 | 405 | -1,067 | 147 | 824 |
| Trade receivables | -564 | 3,630 | 2,844 | 5,667 | 7,000 |
| Trade payables | 2,457 | -1,400 | 1,840 | -3,068 | -2,676 |
| Provisions and post-employment benefits | 218 | 1,685 | 204 | 1,519 | 544 |
| Other operating assets and liabilities, net | -1,662 | -5,038 | -5,979 | -10,000 | -9,013 |
| | -2,034 | -335 | -8,037 | -9,371 | -3,687 |
| Cash flow from operating activities | -713 | 3,078 | -3,085 | -2,822 | 20,597 |
| Investing activities | | | | | |
| Investments in property, plant and equipment | -1,572 | -2,424 | -3,046 | -4,791 | -8,338 |
| Sales of property, plant and equipment | 50 | 1,075 | 94 | 1,150 | 1,301 |
| Acquisitions/divestments of subsidiaries and other operations, net | -480 | -169 | -588 | -227 | -2,200 |
| Product development | -1,099 | -843 | -2,307 | -1,137 | -3,302 |
| Other investing activities | -890 | -280 | -155 | -162 | -543 |
| Short-term investments | 5,355 | 9,678 | 6,368 | 10,077 | 5,095 |
| Cash flow from investing activities | 1,364 | 7,037 | 366 | 4,910 | -7,987 |
| Cash flow before financing activities | 651 | 10,115 | -2,719 | 2,088 | 12,610 |
| Financing activities | | | | | |
| Dividends paid | -12,067 | -11,035 | -12,100 | -11,060 | -11,337 |
| Other financing activities | 2,761 | 431 | 2,855 | 1,330 | 627 |
| Cash flow from financing activities | -9,306 | -10,604 | -9,245 | -9,730 | -10,710 |
| Effect of exchange rate changes on cash | 1,652 | -1,860 | 671 | -384 | -2,664 |
| Net change in cash and cash equivalents | -7,003 | -2,349 | -11,293 | -8,026 | -764 |
| Cash and cash equivalents, beginning of period | 35,934 | 35,311 | 40,224 | 40,988 | 40,988 |
| Cash and cash equivalents, end of period | 28,931 | 32,962 | 28,931 | 32,962 | 40,224 |

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CONSOLIDATED STATEMENT

OF CHANGES IN EQUITY

| SEK million | Jan-Jun 2016 | Jan-Jun 2015 | Jan-Dec 2015 |
|---------------------------------------------|-----------------|-----------------|-----------------|
| Opening balance | 147,366 | 145,309 | 145,309 |
| Total comprehensive income | 895 | 1,976 | 12,362 |
| Sale/repurchase of own shares | -74 | 88 | 169 |
| Stock issue (net) | 131 | | |
| Stock purchase plan | 472 | 414 | 865 |
| Dividends paid | -12,099 | -11,060 | -11,337 |
| Transactions with non-controlling interests | | -2 | -2 |
| Closing balance | 136,691 | 136,725 | 147,366 |

CONSOLIDATED INCOME STATEMENT

ISOLATED QUARTERS

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|---------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |
| Cost of sales | -36,613 | -34,819 | -46,899 | -39,110 | -40,536 | -34,556 |
| Gross income | 17,495 | 17,390 | 26,669 | 20,051 | 20,135 | 18,964 |
| Gross margin (%) | 32.3% | 33.3% | 36.3% | 33.9% | 33.2% | 35.4% |
| Research and development expenses | -7,405 | -7,485 | -7,921 | -8,540 | -9,896 | -8,487 |
| Selling and administrative expenses | -7,109 | -6,720 | -7,996 | -6,393 | -7,765 | -7,131 |
| Operating expenses | -14,514 | -14,205 | -15,917 | -14,933 | -17,661 | -15,618 |
| Other operating income and expenses | -230 | 273 | 254 | 80 | 1,059 | -1,240 |
| Shares in earnings of JV and associated companies | 12 | 17 | 29 | -121 | 27 | 27 |
| Operating income | 2,763 | 3,475 | 11,035 | 5,077 | 3,560 | 2,133 |
| Financial income | 139 | -89 | -109 | 188 | -238 | 684 |
| Financial expenses | -666 | -377 | -619 | -809 | -290 | -740 |
| Income after financial items | 2,236 | 3,009 | 10,307 | 4,456 | 3,032 | 2,077 |
| Taxes | -670 | -903 | -3,329 | -1,338 | -909 | -623 |
| Net income | 1,566 | 2,106 | 6,978 | 3,118 | 2,123 | 1,454 |
| Net income attributable to: | | | | | | |
| Stockholders of the Parent Company | 1,587 | 1,966 | 7,056 | 3,080 | 2,094 | 1,319 |
| Non-controlling interests | -21 | 140 | -78 | 38 | 29 | 135 |

Other information

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| | | | | | | |
|-------------------------------------------------|-------|-------|-------|-------|-------|-------|
| Average number of shares, basic (million) | 3,261 | 3,258 | 3,254 | 3,251 | 3,247 | 3,244 |
| Earnings per share, basic (SEK) ¹⁾ | 0.49 | 0.60 | 2.17 | 0.95 | 0.64 | 0.41 |
| Earnings per share, diluted (SEK) ¹⁾ | 0.48 | 0.60 | 2.15 | 0.94 | 0.64 | 0.40 |

¹⁾ 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 | 2016 | | | 2015 | | |
|--------------------------------------------------------------------|---------------|---------------|----------------|---------------|----------------|---------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Operating activities | | | | | | |
| Net income | 1,566 | 2,106 | 6,978 | 3,118 | 2,123 | 1,454 |
| Adjustments to reconcile net income to cash | | | | | | |
| Taxes | -3,410 | -1,208 | 395 | 51 | -1,360 | -1,921 |
| Earnings/dividends in JV and associated companies | 73 | -16 | -33 | 136 | 49 | -22 |
| Depreciation, amortization and impairment losses | 2,104 | 2,097 | 2,521 | 2,425 | 2,579 | 2,681 |
| Other | 988 | 652 | 1,092 | 1,052 | 22 | 944 |
| | 1,321 | 3,631 | 10,953 | 6,782 | 3,413 | 3,136 |
| Changes in operating net assets | | | | | | |
| Inventories | -1,667 | -4,212 | 3,496 | -226 | 383 | -4,019 |
| Customer finance, current and non-current | -816 | -251 | 302 | 375 | 405 | -258 |
| Trade receivables | -564 | 3,408 | 2,754 | -1,421 | 3,630 | 2,037 |
| Trade payables | 2,457 | -617 | 886 | -494 | -1,400 | -1,668 |
| Provisions and post-employment benefits | 218 | -14 | -673 | -302 | 1,685 | -166 |
| Other operating assets and liabilities, net | -1,662 | -4,317 | 4,141 | -3,154 | -5,038 | -4,962 |
| | -2,034 | -6,003 | 10,906 | -5,222 | -335 | -9,036 |
| Cash flow from operating activities | -713 | -2,372 | 21,859 | 1,560 | 3,078 | -5,900 |
| Investing activities | | | | | | |
| Investments in property, plant and equipment | -1,572 | -1,474 | -1,740 | -1,807 | -2,424 | -2,367 |
| Sales of property, plant and equipment | 50 | 44 | 92 | 59 | 1,075 | 75 |
| Acquisitions/divestments of subsidiaries and other operations, net | -480 | -108 | -945 | -1,028 | -169 | -58 |
| Product development | -1,099 | -1,208 | -1,183 | -982 | -843 | -294 |
| Other investing activities | -890 | 735 | -418 | 37 | -280 | 118 |
| Short-term investments | 5,355 | 1,013 | -8,613 | 3,631 | 9,678 | 399 |
| Cash flow from investing activities | 1,364 | -998 | -12,807 | -90 | 7,037 | -2,127 |
| Cash flow before financing activities | 651 | -3,370 | 9,052 | 1,470 | 10,115 | -8,027 |
| Financing activities | | | | | | |
| Dividends paid | -12,067 | -33 | | -277 | -11,035 | -25 |
| Other financing activities | 2,761 | 94 | -669 | -34 | 431 | 899 |
| Cash flow from financing activities | -9,306 | 61 | -669 | -311 | -10,604 | 874 |
| Effect of exchange rate changes on cash | 1,652 | -981 | -2,109 | -171 | -1,860 | 1,476 |
| Net change in cash and cash equivalents | -7,003 | -4,290 | 6,274 | 988 | -2,349 | -5,677 |
| Cash and cash equivalents, beginning of period | 35,934 | 40,224 | 33,950 | 32,962 | 35,311 | 40,988 |

| | | | | | | |
|-------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash and cash equivalents, end of period | 28,931 | 35,934 | 40,224 | 33,950 | 32,962 | 35,311 |
|-------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|

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PARENT COMPANY INCOME STATEMENT

| SEK million | Apr-Jun | | Jan-Jun | | Jan-Dec |
|------------------------------------------|---------------|--------------|---------------|--------------|---------------|
| | 2016 | 2015 | 2016 | 2015 | 2015 |
| Net sales | | | | | |
| Cost of sales | | | | | |
| Gross income | | | | | |
| Operating expenses | -267 | -191 | -490 | -480 | -1,040 |
| Other operating income and expenses | 616 | 645 | 1,190 | 1,338 | 2,889 |
| Operating income | 349 | 454 | 700 | 858 | 1,849 |
| Financial net | 12,496 | 6,736 | 12,507 | 8,187 | 14,952 |
| Income after financial items | 12,845 | 7,190 | 13,207 | 9,045 | 16,801 |
| Transfers to (-) / from untaxed reserves | | | | | -1,500 |
| Taxes | -89 | -92 | -134 | -211 | -208 |
| Net income | 12,756 | 7,098 | 13,073 | 8,834 | 15,093 |

PARENT COMPANY STATEMENT

OF COMPREHENSIVE INCOME

| SEK million | Apr-Jun | | Jan-Jun | | Jan-Dec |
|---------------------------------------------------------------|---------------|--------------|---------------|--------------|---------------|
| | 2016 | 2015 | 2016 | 2015 | 2015 |
| Net income | 12,756 | 7,098 | 13,073 | 8,834 | 15,093 |
| Revaluation of other investments in shares and participations | | | | | |
| Fair value remeasurement | | | 5 | 181 | 457 |
| Total other comprehensive income, net of tax | | | 5 | 181 | 457 |
| Total comprehensive income | 12,756 | 7,098 | 13,078 | 9,015 | 15,550 |

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PARENT COMPANY BALANCE SHEET

| SEK million | Jun 30 2016 | Dec 31 2015 |
|--------------------------------------------------------------|----------------|----------------|
| ASSETS | | |
| Fixed assets | | |
| Intangible assets | 675 | 809 |
| Tangible assets | 438 | 456 |
| Financial assets | 103,489 | 99,914 |
| | 104,602 | 101,179 |
| Current assets | | |
| Inventories | 7 | |
| Receivables | 35,026 | 25,692 |
| Short-term investments | 19,437 | 25,506 |
| Cash and cash equivalents | 13,837 | 23,118 |
| | 68,307 | 74,316 |
| Total assets | 172,909 | 175,495 |
| STOCKHOLDERS EQUITY, PROVISIONS AND LIABILITIES | | |
| Equity | | |
| Restricted equity | 48,149 | 48,018 |
| Non-restricted equity | 43,532 | 42,578 |
| | 91,681 | 90,596 |
| Provisions | 774 | 807 |
| Non-current liabilities | 41,898 | 46,457 |
| Current liabilities | 38,556 | 37,635 |
| Total stockholders equity, provisions and liabilities | 172,909 | 175,495 |
| Assets pledged as collateral | 523 | 526 |
| Contingent liabilities | 23,004 | 22,461 |

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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, 2015, and should be read in conjunction with that annual report.

There is no significant difference between IFRS effective as per June 30, 2016 and IFRS as endorsed by the EU.

Amendments applied as from the first quarter of 2016

Net Cash

The definition of Net Cash has been adjusted in order to more clearly represent Ericsson's ability to meet financial obligations. Post-employment benefits will no longer be included in the calculation of Net Cash. Net Cash for prior periods has been recalculated using the new definition. The revised definition is as follows:

Net Cash: Cash and cash equivalents plus short-term investments less interest-bearing liabilities (which include: non-current borrowings and current borrowings).

Accounting for bonds

Due to the conditions in the market for government and mortgage bonds in Sweden, Ericsson now intends to hold bonds purchased in its "Asset management" portfolio until maturity instead of intending to hold them for trading. Bonds purchased in this portfolio after January 1, 2016 will be classified as available-for-sale. There were no purchases made in the first six months of 2016. The impact of this change on the financial statements will be disclosed in the interim report following the first purchase of bonds.

Amendments applied as from the second quarter of 2016

APMs

As from the second quarter, Ericsson has applied the new guidelines issued by ESMA* on APMs (Alternative Performance Measures). In summary, an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in IFRS. The APMs presented in the interim report will be reconciled to the most directly reconcilable line items in the financial statements at the end of the interim report.

* European Securities and Markets Authority – a European supervisory authority

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NET SALES BY SEGMENT BY QUARTER

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | 26,765 | 25,820 | 37,304 | 28,817 | 31,163 | 26,436 |
| Global Services | 24,481 | 23,018 | 30,670 | 27,055 | 26,392 | 23,901 |
| <i>Of which Professional Services</i> | <i>18,670</i> | <i>17,932</i> | <i>23,072</i> | <i>20,545</i> | <i>20,001</i> | <i>18,131</i> |
| <i>Of which Managed Services</i> | <i>7,330</i> | <i>7,352</i> | <i>8,214</i> | <i>7,976</i> | <i>8,150</i> | <i>7,501</i> |
| <i>Of which Network Rollout</i> | <i>5,811</i> | <i>5,086</i> | <i>7,598</i> | <i>6,510</i> | <i>6,391</i> | <i>5,770</i> |
| Support Solutions | 2,862 | 3,371 | 5,594 | 3,289 | 3,092 | 3,074 |
| Modems | | | | | 24 | 109 |
| Total | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |

| Sequential change, percent | 2016 | | | 2015 | | |
|---------------------------------------|------------|-------------|------------|------------|------------|-------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | 4% | -31% | 29% | -8% | 18% | -22% |
| Global Services | 6% | -25% | 13% | 3% | 10% | -20% |
| <i>Of which Professional Services</i> | <i>4%</i> | <i>-22%</i> | <i>12%</i> | <i>3%</i> | <i>10%</i> | <i>-15%</i> |
| <i>Of which Managed Services</i> | <i>0%</i> | <i>-10%</i> | <i>3%</i> | <i>-2%</i> | <i>9%</i> | <i>-3%</i> |
| <i>Of which Network Rollout</i> | <i>14%</i> | <i>-33%</i> | <i>17%</i> | <i>2%</i> | <i>11%</i> | <i>-31%</i> |
| Support Solutions | -15% | -40% | 70% | 6% | 1% | -23% |
| Modems | | | | | | |
| Total | 4% | -29% | 24% | -2% | 13% | -21% |

| Year over year change, percent | 2016 | | | 2015 | | |
|---------------------------------------|-------------|-------------|------------|------------|------------|------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | -14% | -2% | 9% | -4% | 8% | 8% |
| Global Services | -7% | -4% | 3% | 11% | 14% | 17% |
| <i>Of which Professional Services</i> | <i>-7%</i> | <i>-1%</i> | <i>8%</i> | <i>15%</i> | <i>21%</i> | <i>20%</i> |
| <i>Of which Managed Services</i> | <i>-10%</i> | <i>-2%</i> | <i>6%</i> | <i>11%</i> | <i>26%</i> | <i>30%</i> |
| <i>Of which Network Rollout</i> | <i>-9%</i> | <i>-12%</i> | <i>-9%</i> | <i>-2%</i> | <i>-2%</i> | <i>9%</i> |
| Support Solutions | -7% | 10% | 40% | 8% | 9% | 11% |
| Modems | | | | | | |
| Total | -11% | -2% | 8% | 3% | 11% | 13% |

| Year to date, SEK million | 2016 | | | 2015 | | |
|---------------------------|---------|---------|---------|---------|---------|---------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Networks | 52,585 | 25,820 | 123,720 | 86,416 | 57,599 | 26,436 |

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| | | | | | | |
|---------------------------------------|----------------|---------------|----------------|----------------|----------------|---------------|
| Global Services | 47,499 | 23,018 | 108,018 | 77,348 | 50,293 | 23,901 |
| <i>Of which Professional Services</i> | 36,602 | 17,932 | 81,749 | 58,677 | 38,132 | 18,131 |
| <i>Of which Managed Services</i> | 14,682 | 7,352 | 31,841 | 23,627 | 15,651 | 7,501 |
| <i>Of which Network Rollout</i> | 10,897 | 5,086 | 26,269 | 18,671 | 12,161 | 5,770 |
| Support Solutions | 6,233 | 3,371 | 15,049 | 9,455 | 6,166 | 3,074 |
| Modems | | | 133 | 133 | 133 | 109 |
| Total | 106,317 | 52,209 | 246,920 | 173,352 | 114,191 | 53,520 |

| Year to date, year over year change, percent | 2016 | | | 2015 | | |
|----------------------------------------------|------------|------------|-----------|-----------|------------|------------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Networks | -9% | -2% | 5% | 4% | 8% | 8% |
| Global Services | -6% | -4% | 11% | 14% | 16% | 17% |
| <i>Of which Professional Services</i> | -4% | -1% | 15% | 19% | 21% | 20% |
| <i>Of which Managed Services</i> | -6% | -2% | 17% | 22% | 28% | 30% |
| <i>Of which Network Rollout</i> | -10% | -12% | -2% | 1% | 3% | 9% |
| Support Solutions | 1% | 10% | 19% | 9% | 10% | 11% |
| Modems | | | | | | |
| Total | -7% | -2% | 8% | 8% | 12% | 13% |

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SALES GROWTH ADJUSTED FOR

COMPARABLE UNITS AND CURRENCY

| Sequential change, percent | 2016 | | | 2015 | | |
|----------------------------|-----------|-------------|------------|------------|------------|-------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | 6% | -30% | 30% | -6% | 16% | -28% |
| Global Services | 8% | -23% | 17% | 2% | 10% | -26% |
| Support Solutions | -13% | -39% | 70% | 7% | -3% | -31% |
| Total | 6% | -28% | 26% | -2% | 12% | -28% |

| Isolated quarter, year over year change, percent | 2016 | | | 2015 | | |
|--------------------------------------------------|------------|------------|------------|------------|------------|------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | -11% | -3% | 0% | -15% | -9% | -9% |
| Global Services | -3% | 0% | -4% | -2% | -2% | -2% |
| Support Solutions | -6% | 5% | 22% | -8% | -13% | -11% |
| Total | -7% | -1% | -1% | -9% | -6% | -6% |

| Year to date, year over year change, percent | 2016 | | | 2015 | | |
|----------------------------------------------|------------|------------|------------|------------|------------|------------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Networks | -7% | -3% | -8% | -11% | -9% | -9% |
| Global Services | -2% | 0% | -2% | -2% | -2% | -2% |
| Support Solutions | 0% | 5% | 0% | -10% | -12% | -11% |
| Total | -4% | -1% | -5% | -7% | -6% | -6% |

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OPERATING INCOME

BY SEGMENT BY QUARTER

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|---------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | 1,593 | 2,724 | 7,154 | 2,764 | 2,435 | 590 |
| Global Services | 1,484 | 644 | 2,530 | 2,364 | 1,640 | 1,681 |
| <i>Of which Professional Services</i> | <i>1,676</i> | <i>1,293</i> | <i>2,712</i> | <i>2,386</i> | <i>2,403</i> | <i>2,109</i> |
| <i>Of which Network Rollout</i> | <i>-192</i> | <i>-649</i> | <i>-182</i> | <i>-22</i> | <i>-763</i> | <i>-428</i> |
| Support Solutions | -421 | 238 | 1,668 | -6 | -240 | 82 |
| Modems | | | 1 | -1 | 7 | 0 |
| Unallocated ¹⁾ | 107 | -131 | -318 | -44 | -282 | -220 |
| Total | 2,763 | 3,475 | 11,035 | 5,077 | 3,560 | 2,133 |

| Year to date, SEK million | 2016 | | | 2015 | | |
|---------------------------------------|--------------|--------------|---------------|---------------|---------------|--------------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Networks | 4,317 | 2,724 | 12,943 | 5,789 | 3,025 | 590 |
| Global Services | 2,128 | 644 | 8,215 | 5,685 | 3,321 | 1,681 |
| <i>Of which Professional Services</i> | <i>2,969</i> | <i>1,293</i> | <i>9,610</i> | <i>6,898</i> | <i>4,512</i> | <i>2,109</i> |
| <i>Of which Network Rollout</i> | <i>-841</i> | <i>-649</i> | <i>-1,395</i> | <i>-1,213</i> | <i>-1,191</i> | <i>-428</i> |
| Support Solutions | -183 | 238 | 1,504 | -164 | -158 | 82 |
| Modems | | | 7 | 6 | 7 | 0 |
| Unallocated ¹⁾ | -24 | -131 | -864 | -546 | -502 | -220 |
| Total | 6,238 | 3,475 | 21,805 | 10,770 | 5,693 | 2,133 |

¹⁾ Unallocated consists mainly of costs for corporate staff, non-operational capital gains and losses.

OPERATING MARGIN

BY SEGMENT BY QUARTER

| As percentage of net sales, isolated quarters | 2016 | | | 2015 | | |
|-----------------------------------------------|------------|-------------|------------|------------|-------------|------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | 6% | 11% | 19% | 10% | 8% | 2% |
| Global Services | 6% | 3% | 8% | 9% | 6% | 7% |
| <i>Of which Professional Services</i> | <i>9%</i> | <i>7%</i> | <i>12%</i> | <i>12%</i> | <i>12%</i> | <i>12%</i> |
| <i>Of which Network Rollout</i> | <i>-3%</i> | <i>-13%</i> | <i>-2%</i> | <i>0%</i> | <i>-12%</i> | <i>-7%</i> |

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| | | | | | | |
|-----------------------------|-----------|-----------|------------|-----------|-----------|-----------|
| Support Solutions Modems | -15% | 7% | 30% | 0% | -8% | 3% |
| Total | 5% | 7% | 15% | 9% | 6% | 4% |

| As percentage of net sales, year to date | 2016 | | | 2015 | | |
|------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Networks | 8% | 11% | 10% | 7% | 5% | 2% |
| Global Services | 4% | 3% | 8% | 7% | 7% | 7% |
| <i>Of which Professional Services</i> | 8% | 7% | 12% | 12% | 12% | 12% |
| <i>Of which Network Rollout</i> | -8% | -13% | -5% | -6% | -10% | -7% |
| Support Solutions Modems | -3% | 7% | 10% | -2% | -3% | 3% |
| Total | 6% | 7% | 9% | 6% | 5% | 4% |

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EBITA

BY SEGMENT BY QUARTER

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|---------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | 1,784 | 2,956 | 7,668 | 3,233 | 3,014 | 1,218 |
| Global Services | 1,691 | 837 | 2,770 | 2,604 | 1,918 | 1,952 |
| <i>Of which Professional Services</i> | <i>1,849</i> | <i>1,459</i> | <i>2,915</i> | <i>2,605</i> | <i>2,635</i> | <i>2,344</i> |
| <i>Of which Network Rollout</i> | <i>-158</i> | <i>-622</i> | <i>-145</i> | <i>-1</i> | <i>-717</i> | <i>-392</i> |
| Support Solutions | -184 | 496 | 1,892 | 226 | -4 | 308 |
| Modems | | | 1 | -1 | 7 | 0 |
| Unallocated ¹⁾ | 107 | -130 | -317 | -44 | -281 | -220 |
| Total | 3,398 | 4,159 | 12,014 | 6,018 | 4,654 | 3,258 |

| Year to date, SEK million | 2016 | | | 2015 | | |
|---------------------------------------|--------------|--------------|---------------|---------------|---------------|--------------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Networks | 4,740 | 2,956 | 15,133 | 7,465 | 4,232 | 1,218 |
| Global Services | 2,528 | 837 | 9,244 | 6,474 | 3,870 | 1,952 |
| <i>Of which Professional Services</i> | <i>3,308</i> | <i>1,459</i> | <i>10,499</i> | <i>7,584</i> | <i>4,979</i> | <i>2,344</i> |
| <i>Of which Network Rollout</i> | <i>-780</i> | <i>-622</i> | <i>-1,255</i> | <i>-1,110</i> | <i>-1,109</i> | <i>-392</i> |
| Support Solutions | 312 | 496 | 2,422 | 530 | 304 | 308 |
| Modems | | | 7 | 6 | 7 | 0 |
| Unallocated ¹⁾ | -23 | -130 | -862 | -545 | -501 | -220 |
| Total | 7,557 | 4,159 | 25,944 | 13,930 | 7,912 | 3,258 |

¹⁾ Unallocated consists mainly of costs for corporate staff, non-operational capital gains and losses.

EBITA MARGIN

BY SEGMENT BY QUARTER

| As percentage of net sales, isolated quarters | 2016 | | | 2015 | | |
|-----------------------------------------------|------------|-------------|------------|------------|-------------|------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | 7% | 11% | 21% | 11% | 10% | 5% |
| Global Services | 7% | 4% | 9% | 10% | 7% | 8% |
| <i>Of which Professional Services</i> | <i>10%</i> | <i>8%</i> | <i>13%</i> | <i>13%</i> | <i>13%</i> | <i>13%</i> |
| <i>Of which Network Rollout</i> | <i>-3%</i> | <i>-12%</i> | <i>-2%</i> | <i>0%</i> | <i>-11%</i> | <i>-7%</i> |

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| | | | | | | |
|-----------------------------|-----------|-----------|------------|------------|-----------|-----------|
| Support Solutions Modems | -6% | 15% | 34% | 7% | 0% | 10% |
| Total | 6% | 8% | 16% | 10% | 8% | 6% |

| As percentage of net sales, year to date | 2016 | | | 2015 | | |
|------------------------------------------|-----------|-----------|------------|-----------|-----------|-----------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Networks | 9% | 11% | 12% | 9% | 7% | 5% |
| Global Services | 5% | 4% | 9% | 8% | 8% | 8% |
| <i>Of which Professional Services</i> | 9% | 8% | 13% | 13% | 13% | 13% |
| <i>Of which Network Rollout</i> | -7% | -12% | -5% | -6% | -9% | -7% |
| Support Solutions Modems | 5% | 15% | 16% | 6% | 5% | 10% |
| Total | 7% | 8% | 11% | 8% | 7% | 6% |

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NET SALES

BY REGION BY QUARTER

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|-------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| North America | 13,426 | 13,182 | 17,082 | 14,355 | 14,578 | 12,246 |
| Latin America | 4,542 | 4,040 | 6,106 | 5,610 | 5,067 | 4,574 |
| Northern Europe & Central Asia ^{1) 2)} | 2,093 | 2,222 | 2,847 | 2,520 | 2,556 | 2,726 |
| Western & Central Europe ²⁾ | 4,466 | 3,953 | 5,320 | 4,540 | 5,131 | 4,741 |
| Mediterranean ²⁾ | 5,427 | 4,296 | 6,971 | 5,470 | 5,887 | 4,982 |
| Middle East | 4,921 | 3,567 | 6,089 | 5,728 | 6,515 | 4,517 |
| Sub Saharan Africa | 2,313 | 2,120 | 2,847 | 2,691 | 2,653 | 2,158 |
| India | 2,426 | 2,683 | 3,172 | 3,629 | 3,049 | 3,531 |
| North East Asia | 6,041 | 5,579 | 8,916 | 6,348 | 6,943 | 6,030 |
| South East Asia & Oceania | 5,272 | 5,199 | 5,329 | 4,750 | 4,897 | 4,259 |
| Other ^{1) 2)} | 3,181 | 5,368 | 8,889 | 3,520 | 3,395 | 3,756 |
| Total | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |

¹⁾ Of which in Sweden 477 1,113 972 1,135 598 1,091

²⁾ Of which in EU 9,635 9,229 12,644 10,584 11,453 10,904

| Sequential change, percent | 2016 | | | 2015 | | |
|-------------------------------------------------|-----------|-------------|------------|------------|------------|-------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| North America | 2% | -23% | 19% | -2% | 19% | -6% |
| Latin America | 12% | -34% | 9% | 11% | 11% | -30% |
| Northern Europe & Central Asia ^{1) 2)} | -6% | -22% | 13% | -1% | -6% | -33% |
| Western & Central Europe ²⁾ | 13% | -26% | 17% | -12% | 8% | -22% |
| Mediterranean ²⁾ | 26% | -38% | 27% | -7% | 18% | -34% |
| Middle East | 38% | -41% | 6% | -12% | 44% | -34% |
| Sub Saharan Africa | 9% | -26% | 6% | 1% | 23% | -17% |
| India | -10% | -15% | -13% | 19% | -14% | 49% |
| North East Asia | 8% | -37% | 40% | -9% | 15% | -35% |
| South East Asia & Oceania | 1% | -2% | 12% | -3% | 15% | -14% |
| Other ^{1) 2)} | -41% | -40% | 153% | 4% | -10% | -19% |
| Total | 4% | -29% | 24% | -2% | 13% | -21% |

¹⁾ Of which in Sweden -57% 15% -14% 90% -45% 4%

²⁾ Of which in EU 4% -27% 19% -8% 5% -24%

| Year-over-year change, percent | 2016 | | | 2015 | | |
|--------------------------------|------|----|----|------|----|----|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |

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| | | | | | | |
|-------------------------------------------------|-------------|-------------|-------------|------------|-------------|------------|
| North America | -8% | 8% | 31% | 2% | -4% | 0% |
| Latin America | -10% | -12% | -7% | -5% | -6% | -3% |
| Northern Europe & Central Asia ^{1) 2)} | -18% | -18% | -30% | -20% | -6% | 12% |
| Western & Central Europe ²⁾ | -13% | -17% | -13% | -2% | 12% | 8% |
| Mediterranean ²⁾ | -8% | -14% | -7% | 5% | 7% | 4% |
| Middle East | -24% | -21% | -11% | -5% | 44% | 17% |
| Sub Saharan Africa | -13% | -2% | 9% | 10% | 41% | 19% |
| India | -20% | -24% | 34% | 81% | 85% | 108% |
| North East Asia | -13% | -7% | -3% | -10% | 8% | 23% |
| South East Asia & Oceania | 8% | 22% | 8% | 25% | 34% | 24% |
| Other ^{1) 2)} | -6% | 43% | 91% | 4% | 1% | 15% |
| Total | -11% | -2% | 8% | 3% | 11% | 13% |
| <i>¹⁾ Of which in Sweden</i> | <i>-20%</i> | <i>2%</i> | <i>-7%</i> | <i>4%</i> | <i>-41%</i> | <i>9%</i> |
| <i>²⁾ Of which in EU</i> | <i>-16%</i> | <i>-15%</i> | <i>-12%</i> | <i>-1%</i> | <i>11%</i> | <i>12%</i> |

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NET SALES

BY REGION BY QUARTER, CONT.

| Year to date, SEK million | 2016 | | | 2015 | | |
|-------------------------------------------------|----------------|---------------|----------------|----------------|----------------|---------------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| North America | 26,608 | 13,182 | 58,261 | 41,179 | 26,824 | 12,246 |
| Latin America | 8,582 | 4,040 | 21,357 | 15,251 | 9,641 | 4,574 |
| Northern Europe & Central Asia ^{1) 2)} | 4,315 | 2,222 | 10,649 | 7,802 | 5,282 | 2,726 |
| Western & Central Europe ²⁾ | 8,419 | 3,953 | 19,732 | 14,412 | 9,872 | 4,741 |
| Mediterranean ²⁾ | 9,723 | 4,296 | 23,310 | 16,339 | 10,869 | 4,982 |
| Middle East | 8,488 | 3,567 | 22,849 | 16,760 | 11,032 | 4,517 |
| Sub Saharan Africa | 4,433 | 2,120 | 10,349 | 7,502 | 4,811 | 2,158 |
| India | 5,109 | 2,683 | 13,381 | 10,209 | 6,580 | 3,531 |
| North East Asia | 11,620 | 5,579 | 28,237 | 19,321 | 12,973 | 6,030 |
| South East Asia & Oceania | 10,471 | 5,199 | 19,235 | 13,906 | 9,156 | 4,259 |
| Other ^{1) 2)} | 8,549 | 5,368 | 19,560 | 10,671 | 7,151 | 3,756 |
| Total | 106,317 | 52,209 | 246,920 | 173,352 | 114,191 | 53,520 |
| ¹⁾ Of which in Sweden | 1,590 | 1,113 | 3,796 | 2,824 | 1,689 | 1,091 |
| ²⁾ Of which in EU | 18,864 | 9,229 | 45,585 | 32,941 | 22,357 | 10,904 |

| Year to date, year-over-year change, percent | 2016 | | | 2015 | | |
|-------------------------------------------------|------------|------------|-----------|-----------|------------|------------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| North America | -1% | 8% | 7% | -1% | -2% | 0% |
| Latin America | -11% | -12% | -5% | -5% | -5% | -3% |
| Northern Europe & Central Asia ^{1) 2)} | -18% | -18% | -14% | -6% | 3% | 12% |
| Western & Central Europe ²⁾ | -15% | -17% | 0% | 6% | 10% | 8% |
| Mediterranean ²⁾ | -11% | -14% | 1% | 5% | 6% | 4% |
| Middle East | -23% | -21% | 7% | 16% | 32% | 17% |
| Sub Saharan Africa | -8% | -2% | 18% | 22% | 30% | 19% |
| India | -22% | -24% | 74% | 91% | 97% | 108% |
| North East Asia | -10% | -7% | 2% | 5% | 15% | 23% |
| South East Asia & Oceania | 14% | 22% | 21% | 28% | 29% | 24% |
| Other ^{1) 2)} | 20% | 43% | 33% | 7% | 8% | 15% |
| Total | -7% | -2% | 8% | 8% | 12% | 13% |
| ¹⁾ Of which in Sweden | -6% | 2% | -8% | -9% | -16% | 9% |
| ²⁾ Of which in EU | -16% | -15% | 1% | 7% | 12% | 12% |

TOP 5 COUNTRIES IN SALES

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| Country As percentage of net sales | Q2 | | Jan-Jun | |
|---------------------------------------|------|------|---------|------|
| | 2016 | 2015 | 2016 | 2015 |
| United States | 26% | 24% | 26% | 24% |
| China | 8% | 9% | 9% | 8% |
| India | 5% | 5% | 5% | 6% |
| United Kingdom | 3% | 3% | 3% | 3% |
| Italy | 3% | 3% | 3% | 3% |

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NET SALES BY REGION BY SEGMENT

| SEK million | Q2 2016 | | | | Jan-Jun 2016 | | | |
|--------------------------------|---------------|-----------------|-------------------|---------------|---------------|-----------------|-------------------|----------------|
| | Networks | Global Services | Support Solutions | Total | Networks | Global Services | Support Solutions | Total |
| North America | 6,606 | 6,080 | 740 | 13,426 | 12,947 | 12,158 | 1,503 | 26,608 |
| Latin America | 2,096 | 2,257 | 189 | 4,542 | 4,119 | 4,072 | 391 | 8,582 |
| Northern Europe & Central Asia | 970 | 1,071 | 52 | 2,093 | 2,312 | 1,878 | 125 | 4,315 |
| Western & Central Europe | 1,711 | 2,633 | 122 | 4,466 | 3,006 | 5,155 | 258 | 8,419 |
| Mediterranean | 2,114 | 3,114 | 199 | 5,427 | 3,573 | 5,804 | 346 | 9,723 |
| Middle East | 1,871 | 2,777 | 273 | 4,921 | 3,278 | 4,673 | 537 | 8,488 |
| Sub Saharan Africa | 989 | 1,217 | 107 | 2,313 | 1,858 | 2,304 | 271 | 4,433 |
| India | 991 | 1,259 | 176 | 2,426 | 2,270 | 2,487 | 352 | 5,109 |
| North East Asia | 4,203 | 1,756 | 82 | 6,041 | 7,747 | 3,673 | 200 | 11,620 |
| South East Asia & Oceania | 3,189 | 2,010 | 73 | 5,272 | 6,374 | 3,938 | 159 | 10,471 |
| Other | 2,025 | 307 | 849 | 3,181 | 5,101 | 1,357 | 2,091 | 8,549 |
| Total | 26,765 | 24,481 | 2,862 | 54,108 | 52,585 | 47,499 | 6,233 | 106,317 |
| Share of Total | 50% | 45% | 5% | 100% | 49% | 45% | 6% | 100% |

| Sequential change, percent | Q2 2016 | | | |
|--------------------------------|-----------|-----------------|-------------------|-----------|
| | Networks | Global Services | Support Solutions | Total |
| North America | 4% | 0% | -3% | 2% |
| Latin America | 4% | 24% | -6% | 12% |
| Northern Europe & Central Asia | -28% | 33% | -29% | -6% |
| Western & Central Europe | 32% | 4% | -10% | 13% |
| Mediterranean | 45% | 16% | 35% | 26% |
| Middle East | 33% | 46% | 3% | 38% |
| Sub Saharan Africa | 14% | 12% | -35% | 9% |
| India | -23% | 3% | 0% | -10% |
| North East Asia | 19% | -8% | -31% | 8% |
| South East Asia & Oceania | 0% | 4% | -15% | 1% |
| Other | -34% | -71% | -32% | -41% |
| Total | 4% | 6% | -15% | 4% |

| Year over year change, percent | Q2 2016 | |
|--------------------------------|----------|-------|
| | Networks | Total |

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| | | Global Services | Support Solutions | |
|--------------------------------|-------------|--------------------|----------------------|-------------|
| North America | -1% | -14% | -13% | -8% |
| Latin America | -7% | -14% | 4% | -10% |
| Northern Europe & Central Asia | -37% | 13% | -22% | -18% |
| Western & Central Europe | -10% | -15% | -16% | -13% |
| Mediterranean | -12% | -5% | 4% | -8% |
| Middle East | -54% | 29% | -15% | -24% |
| Sub Saharan Africa | -20% | -3% | -31% | -13% |
| India | -46% | 18% | 11% | -20% |
| North East Asia | -12% | -10% | -58% | -13% |
| South East Asia & Oceania | 27% | -12% | -28% | 8% |
| Other | 3% | -55% | 17% | -6% |
| Total | -14% | -7% | -7% | -11% |

| Year over year change, percent | Networks | Jan-Jun 2016 | | |
|--------------------------------|------------|--------------------|----------------------|------------|
| | | Global Services | Support Solutions | Total |
| North America | 10% | -9% | -8% | -1% |
| Latin America | -6% | -16% | -2% | -11% |
| Northern Europe & Central Asia | -31% | 5% | -11% | -18% |
| Western & Central Europe | -15% | -14% | -18% | -15% |
| Mediterranean | -17% | -7% | 2% | -11% |
| Middle East | -49% | 14% | 6% | -23% |
| Sub Saharan Africa | -7% | -5% | -31% | -8% |
| India | -42% | 15% | -27% | -22% |
| North East Asia | -12% | -7% | -21% | -10% |
| South East Asia & Oceania | 29% | -3% | -12% | 14% |
| Other | 24% | -3% | 38% | 20% |
| Total | -9% | -6% | 1% | -7% |

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PROVISIONS

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|----------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Opening balance | 3,532 | 3,838 | 4,331 | 5,354 | 4,056 | 4,427 |
| Additions | 839 | 492 | 589 | 695 | 2,777 | 915 |
| Utilization/Cash out | -794 | -667 | -1,096 | -1,545 | -1,217 | -1,204 |
| <i>Of which restructuring</i> | -639 | -487 | -754 | -1,103 | -472 | -437 |
| Reversal of excess amounts | -240 | -67 | 87 | -168 | -161 | -236 |
| Reclassification, translation difference and other | 50 | -64 | -73 | -5 | -101 | 154 |
| Closing balance | 3,387 | 3,532 | 3,838 | 4,331 | 5,354 | 4,056 |

| Year to date, SEK million | 2016 | | | 2015 | | |
|----------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Opening balance | 3,838 | 3,838 | 4,427 | 4,427 | 4,427 | 4,427 |
| Additions | 1,331 | 492 | 4,976 | 4,387 | 3,692 | 915 |
| Utilization/Cash out | -1,461 | -667 | -5,062 | -3,966 | -2,421 | -1,204 |
| <i>Of which restructuring</i> | -1,126 | -487 | -2,766 | -2,012 | -909 | -437 |
| Reversal of excess amounts | -307 | -67 | -478 | -565 | -397 | -236 |
| Reclassification, translation difference and other | -14 | -64 | -25 | 48 | 53 | 154 |
| Closing balance | 3,387 | 3,532 | 3,838 | 4,331 | 5,354 | 4,056 |

INFORMATION ON INVESTMENTS

Investments in assets subject to depreciation, amortization, impairment and write-downs

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Additions | | | | | | |
| Property, plant and equipment | 1,572 | 1,474 | 1,739 | 1,807 | 2,424 | 2,367 |
| Capitalized development expenses ¹⁾ | 1,099 | 1,208 | 1,183 | 982 | 843 | 294 |
| IPR, brands and other intangible assets | 13 | 5 | 23 | 10 | 26 | 11 |
| Total | 2,684 | 2,687 | 2,945 | 2,799 | 3,293 | 2,672 |

Depreciation, amortization and impairment losses

| | | | | | | |
|-----------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Property, plant and equipment | 1,083 | 1,062 | 1,194 | 1,129 | 1,152 | 1,214 |
| Capitalized development expenses | 386 | 351 | 349 | 354 | 333 | 342 |
| IPR, brands and other intangible assets, etc. | 635 | 684 | 978 | 942 | 1,094 | 1,125 |
| Total | 2,104 | 2,097 | 2,521 | 2,425 | 2,579 | 2,681 |

1) Including reclassification

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OTHER INFORMATION

| SEK million | Apr-Jun | | Jan-Jun | | Jan-Dec |
|-----------------------------------------------------------------------|---------|--------|---------|--------|---------|
| | 2016 | 2015 | 2016 | 2015 | 2015 |
| Number of shares and earnings per share | | | | | |
| Number of shares, end of period (million) | 3,331 | 3,305 | 3,331 | 3,305 | 3,305 |
| Of which class A-shares (million) | 262 | 262 | 262 | 262 | 262 |
| Of which class B-shares (million) | 3,069 | 3,043 | 3,069 | 3,043 | 3,043 |
| Number of treasury shares, end of period (million) | 69 | 57 | 69 | 57 | 49 |
| Number of shares outstanding, basic, end of period (million) | 3,262 | 3,248 | 3,262 | 3,248 | 3,256 |
| Numbers of shares outstanding, diluted, end of period (million) | 3,298 | 3,281 | 3,298 | 3,281 | 3,289 |
| Average number of treasury shares (million) | 55 | 58 | 55 | 59 | 56 |
| Average number of shares outstanding, basic (million) | 3,261 | 3,247 | 3,259 | 3,246 | 3,249 |
| Average number of shares outstanding, diluted (million) ¹⁾ | 3,297 | 3,280 | 3,296 | 3,278 | 3,282 |
| Earnings per share, basic (SEK) | 0.49 | 0.64 | 1.09 | 1.05 | 4.17 |
| Earnings per share, diluted (SEK) ¹⁾ | 0.48 | 0.64 | 1.08 | 1.04 | 4.13 |
| Earnings per share (Non-IFRS), diluted (SEK) ²⁾ | 0.83 | 1.45 | 1.70 | 2.22 | 6.06 |
| Ratios | | | | | |
| Days sales outstanding | | | 115 | 112 | 87 |
| Inventory turnover days | 83 | 74 | 81 | 74 | 64 |
| Payable days | 56 | 52 | 59 | 57 | 53 |
| Equity ratio (%) | | | 49.3% | 49.0% | 51.8% |
| Return on equity (%) | 4.5% | 5.9% | 5.0% | 4.9% | 9.3% |
| Return on capital employed (%) | 6.0% | 6.9% | 6.5% | 6.5% | 11.6% |
| Capital turnover (times) | 1.1 | 1.3 | 1.1 | 1.2 | 1.3 |
| Cash conversion (%) | -54.0% | 90.2% | -62.3% | -43.1% | 84.8% |
| Exchange rates used in the consolidation ³⁾ | | | | | |
| SEK/EUR- closing rate | | | 9.42 | 9.22 | 9.17 |
| SEK/USD- closing rate | | | 8.45 | 8.24 | 8.40 |
| Other | | | | | |
| Regional inventory, end of period | 18,749 | 18,778 | 18,749 | 18,778 | 15,453 |
| Export sales from Sweden | 27,797 | 29,813 | 51,051 | 55,964 | 117,486 |

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

²⁾ Excluding amortizations and write-downs of acquired intangibles and restructuring charges.

³⁾ Translation method changed from 2015. Monthly rates used to translate transactions are available on www.ericsson.com/thecompany/investors

NUMBER OF EMPLOYEES

| End of period | 2016 | | | 2015 | | |
|----------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Jun 30 | Mar 31 | Dec 31 | Sep 30 | Jun 30 | Mar 31 |
| North America | 13,838 | 14,081 | 14,548 | 14,669 | 14,975 | 15,156 |
| Latin America | 9,616 | 9,836 | 10,412 | 10,754 | 10,823 | 10,970 |
| Northern Europe & Central Asia ¹⁾ | 20,177 | 20,167 | 20,700 | 20,953 | 21,441 | 21,556 |
| Western & Central Europe | 13,727 | 12,100 | 12,220 | 12,042 | 12,400 | 12,575 |
| Mediterranean | 12,957 | 12,906 | 12,702 | 12,748 | 12,925 | 13,363 |
| Middle East | 3,573 | 3,608 | 3,639 | 3,634 | 3,717 | 3,813 |
| Sub Saharan Africa | 2,347 | 2,377 | 2,301 | 2,306 | 2,389 | 2,442 |
| India | 22,541 | 22,424 | 21,999 | 21,343 | 21,353 | 21,215 |
| North East Asia | 13,547 | 13,623 | 13,706 | 13,782 | 13,104 | 13,488 |
| South East Asia & Oceania | 4,184 | 4,178 | 4,054 | 4,009 | 4,056 | 4,128 |
| Total | 116,507 | 115,300 | 116,281 | 116,240 | 117,183 | 118,706 |
| <i>¹⁾ Of which in Sweden</i> | <i>16,190</i> | <i>16,290</i> | <i>17,041</i> | <i>17,242</i> | <i>17,560</i> | <i>17,569</i> |

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RESTRUCTURING CHARGES BY FUNCTION

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|-------------------------------------|---------------|-------------|-------------|-------------|---------------|-------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Cost of sales | -461 | -328 | -282 | -351 | -1,157 | -484 |
| Research and development expenses | -422 | -257 | -305 | -547 | -1,118 | -51 |
| Selling and administrative expenses | -138 | -47 | -117 | -80 | -469 | -79 |
| Total | -1,021 | -632 | -704 | -978 | -2,744 | -614 |

| Year to date, SEK million | 2016 | | | 2015 | | |
|-------------------------------------|---------------|-------------|---------------|---------------|---------------|-------------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Cost of sales | -789 | -328 | -2,274 | -1,992 | -1,641 | -484 |
| Research and development expenses | -679 | -257 | -2,021 | -1,716 | -1,169 | -51 |
| Selling and administrative expenses | -185 | -47 | -745 | -628 | -548 | -79 |
| Total | -1,653 | -632 | -5,040 | -4,336 | -3,358 | -614 |

RESTRUCTURING CHARGES BY SEGMENT

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|---------------------------------------|---------------|-------------|-------------|-------------|---------------|-------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Networks | -607 | -295 | -259 | -565 | -1,842 | -173 |
| Global Services | -346 | -315 | -213 | -358 | -691 | -419 |
| <i>Of which Professional Services</i> | -273 | -237 | -60 | -316 | -175 | -140 |
| <i>Of which Network Rollout</i> | -73 | -78 | -153 | -42 | -516 | -279 |
| Support Solutions | -68 | -22 | -230 | -37 | -194 | -19 |
| Modems | | | 1 | -1 | -12 | -3 |
| Unallocated | | | -3 | -17 | -5 | |
| Total | -1,021 | -632 | -704 | -978 | -2,744 | -614 |

| Year to date, SEK million | 2016 | | | 2015 | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Networks | -902 | -295 | -2,839 | -2,580 | -2,015 | -173 |
| Global Services | -661 | -315 | -1,681 | -1,468 | -1,110 | -419 |
| <i>Of which Professional Services</i> | -510 | -237 | -691 | -631 | -315 | -140 |
| <i>Of which Network Rollout</i> | -151 | -78 | -990 | -837 | -795 | -279 |
| Support Solutions | -90 | -22 | -480 | -250 | -213 | -19 |
| Modems | | | -15 | -16 | -15 | -3 |

| | | | | | | | |
|--------------|--|---------------|-------------|---------------|---------------|---------------|-------------|
| Unallocated | | | -25 | -22 | -5 | | |
| Total | | -1,653 | -632 | -5,040 | -4,336 | -3,358 | -614 |

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RECONCILIATION TABLES, NON-IFRS

MEASURES

This section includes a reconciliation of certain non-IFRS financial measures to the most directly reconcilable line items in the financial statements. The presentation of non-IFRS financial measures has limitations as analytical tools and should not be considered in isolation or as a substitute for our related financial measures prepared in accordance with IFRS.

Non-IFRS financial measures are presented to enhance an investor's evaluation of ongoing operating results, to aid in forecasting

future periods and to facilitate meaningful comparison of results between periods. Management uses these non-IFRS financial measures to, among other things, evaluate ongoing operations in relation to historical results, for internal planning and forecasting purposes and in the calculation of certain performance-based compensation.

The non-IFRS financial measures presented in this report may differ from similarly-titled measures used by other companies.

SALES GROWTH ADJUSTED FOR COMPARABLE UNITS

AND CURRENCY

Sales growth adjusted for the impact of acquisitions and divestments as well as the effects of foreign currency fluctuations.

| Isolated quarter, sequential change | 2016 | | | 2015 | | |
|-------------------------------------------------------------|--------|--------|--------|--------|--------|--------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Reported net sales | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |
| Acquired/divested business | -35 | 0 | 0 | 0 | 0 | -422 |
| Net FX impact | 1,221 | 766 | 1,153 | 335 | -608 | -3,812 |
| Comparable net sales, excluding FX impact | 55,294 | 52,975 | 74,721 | 59,496 | 60,063 | 49,286 |
| Sales growth adjusted for comparable units and currency (%) | 6% | -28% | 26% | -2% | 12% | -28% |

| Isolated quarter, year over year change | 2016 | | | 2015 | | |
|-----------------------------------------|--------|--------|--------|--------|--------|--------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Reported net sales | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |
| Acquired/divested business | -95 | -73 | 0 | 0 | 0 | -422 |

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| | | | | | | |
|-------------------------------------------------------------|--------|--------|--------|--------|--------|--------|
| Net FX impact | 2,329 | 655 | -6,005 | -6,683 | -9,143 | -8,475 |
| Comparable net sales, excluding FX impact | 56,342 | 52,791 | 67,563 | 52,478 | 51,528 | 44,623 |
| Sales growth adjusted for comparable units and currency (%) | -7% | -1% | -1% | -9% | -6% | -6% |

| Year to date, year over year change | 2016 | | | 2015 | | |
|-------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Reported net sales | 106,317 | 52,209 | 246,920 | 173,352 | 114,191 | 53,520 |
| Acquired/divested business | -168 | -73 | -422 | -422 | -422 | -422 |
| Net FX impact | 2,983 | 655 | -30,307 | -24,301 | -17,618 | -8,475 |
| Comparable net sales, excluding FX impact | 109,132 | 52,791 | 216,191 | 148,629 | 96,151 | 44,623 |
| Sales growth adjusted for comparable units and currency (%) | -4% | -1% | -5% | -7% | -6% | -6% |

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ITEMS EXCLUDING RESTRUCTURING CHARGES

Gross income, operating expenses, and operating income are presented excluding restructuring charges and, for certain measures, as a percentage of net sales.

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|-----------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Gross income | 17,495 | 17,390 | 26,669 | 20,051 | 20,135 | 18,964 |
| Net Sales | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |
| Gross margin (%) | 32.3% | 33.3% | 36.3% | 33.9% | 33.2% | 35.4% |
| Gross income | 17,495 | 17,390 | 26,669 | 20,051 | 20,135 | 18,964 |
| Restructuring charges included in cost of sales | 461 | 328 | 282 | 351 | 1,157 | 484 |
| Gross income, excluding restructuring charges | 17,956 | 17,718 | 26,951 | 20,402 | 21,292 | 19,448 |
| Net Sales | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |
| Gross margin, excluding restructuring charges (%) | 33.2% | 33.9% | 36.6% | 34.5% | 35.1% | 36.3% |
| Operating expenses | -14,514 | -14,205 | -15,917 | -14,933 | -17,661 | -15,618 |
| Restructuring charges included in R&D expenses | 422 | 257 | 305 | 547 | 1,118 | 51 |
| Restructuring charges included in selling and administrative expenses | 138 | 47 | 117 | 80 | 469 | 79 |
| Operating expenses, excluding restructuring charges | -13,954 | -13,901 | -15,495 | -14,306 | -16,074 | -15,488 |
| Operating income | 2,763 | 3,475 | 11,035 | 5,077 | 3,560 | 2,133 |
| Net Sales | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |
| Operating margin (%) | 5.1% | 6.7% | 15.0% | 8.6% | 5.9% | 4.0% |
| Operating income | 2,763 | 3,475 | 11,035 | 5,077 | 3,560 | 2,133 |
| Total restructuring charges | 1,021 | 632 | 704 | 978 | 2,744 | 614 |
| Operating income, excluding restructuring charges | 3,784 | 4,107 | 11,739 | 6,055 | 6,304 | 2,747 |
| Net Sales | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |
| Operating margin, excluding restructuring charges (%) | 7.0% | 7.9% | 16.0% | 10.2% | 10.4% | 5.1% |
| Year to date, SEK million | 2016 | | | 2015 | | |
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Gross income | 34,885 | 17,390 | 85,819 | 59,150 | 39,099 | 18,964 |
| Net Sales | 106,317 | 52,209 | 246,920 | 173,352 | 114,191 | 53,520 |
| Gross margin (%) | 32.8% | 33.3% | 34.8% | 34.1% | 34.2% | 35.4% |
| Gross income | 34,885 | 17,390 | 85,819 | 59,150 | 39,099 | 18,964 |
| | 789 | 328 | 2,274 | 1,992 | 1,641 | 484 |

| | | | | | | |
|-----------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| Restructuring charges included in cost of sales | | | | | | |
| Gross income, excluding restructuring charges | 35,674 | 17,718 | 88,093 | 61,142 | 40,740 | 19,448 |
| Net Sales | 106,317 | 52,209 | 246,920 | 173,352 | 114,191 | 53,520 |
| Gross margin, excluding restructuring charges (%) | 33.6% | 33.9% | 35.7% | 35.3% | 35.7% | 36.3% |
| Operating expenses | -28,719 | -14,205 | -64,129 | -48,212 | -33,279 | -15,618 |
| Restructuring charges included in R&D expenses | 679 | 257 | 2,021 | 1,716 | 1,169 | 51 |
| Restructuring charges included in selling and administrative expenses | 185 | 47 | 745 | 628 | 548 | 79 |
| Operating expenses, excluding restructuring charges | -27,855 | -13,901 | -61,363 | -45,868 | -31,562 | -15,488 |
| Operating income | 6,238 | 3,475 | 21,805 | 10,770 | 5,693 | 2,133 |
| Net Sales | 106,317 | 52,209 | 246,920 | 173,352 | 114,191 | 53,520 |
| Operating margin (%) | 5.9% | 6.7% | 8.8% | 6.2% | 5.0% | 4.0% |
| Operating income | 6,238 | 3,475 | 21,805 | 10,770 | 5,693 | 2,133 |
| Total restructuring charges | 1,653 | 632 | 5,040 | 4,336 | 3,358 | 614 |
| Operating income, excluding restructuring charges | 7,891 | 4,107 | 26,845 | 15,106 | 9,051 | 2,747 |
| Net Sales | 106,317 | 52,209 | 246,920 | 173,352 | 114,191 | 53,520 |
| Operating margin, excluding restructuring charges (%) | 7.4% | 7.9% | 10.9% | 8.7% | 7.9% | 5.1% |

Table of Contents**EBITA AND EBITA MARGIN**

Earnings before interest, taxes, amortization and write-downs of acquired intangibles, also expressed as a percentage of net sales.

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|------------------------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net Income | 1,566 | 2,106 | 6,978 | 3,118 | 2,123 | 1,454 |
| Taxes | 670 | 903 | 3,329 | 1,338 | 909 | 623 |
| Financial income and expenses | 527 | 466 | 728 | 621 | 528 | 56 |
| Amortization and write-downs of acquired intangibles | 635 | 684 | 979 | 941 | 1,094 | 1,125 |
| EBITA | 3,398 | 4,159 | 12,014 | 6,018 | 4,654 | 3,258 |
| Net Sales | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |
| EBITA margin (%) | 6% | 8% | 16% | 10% | 8% | 6% |

| Year to date, SEK million | 2016 | | | 2015 | | |
|------------------------------------------------------|--------------|--------------|---------------|---------------|--------------|--------------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Net Income | 3,672 | 2,106 | 13,673 | 6,695 | 3,577 | 1,454 |
| Taxes | 1,573 | 903 | 6,199 | 2,870 | 1,532 | 623 |
| Financial income and expenses | 993 | 466 | 1,933 | 1,205 | 584 | 56 |
| Amortization and write-downs of acquired intangibles | 1,319 | 684 | 4,139 | 3,160 | 2,219 | 1,125 |
| EBITA | 7,557 | 4,159 | 25,944 | 13,930 | 7,912 | 3,258 |
| Net Sales | 106,317 | 52,209 | 246,920 | 173,352 | 114,191 | 53,520 |
| EBITA margin (%) | 7% | 8% | 11% | 8% | 7% | 6% |

CASH CONVERSION (%)

Cash flow from operating activities divided by the sum of net income and adjustments to reconcile net income to cash, expressed as percent.

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|-------------------------------------|--------|--------|--------|-------|-------|---------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net income | 1,566 | 2,106 | 6,978 | 3,118 | 2,123 | 1,454 |
| Net income reconciled to cash | 1,321 | 3,631 | 10,953 | 6,782 | 3,413 | 3,136 |
| Cash flow from operating activities | -713 | -2,372 | 21,859 | 1,560 | 3,078 | -5,900 |
| Cash conversion (%) | -54.0% | -65.3% | 199.6% | 23.0% | 90.2% | -188.1% |

| Year to date, SEK million | 2016 | | | 2015 | | |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Net income | 3,672 | 2,106 | 13,673 | 6,695 | 3,577 | 1,454 |
| Net income reconciled to cash | 4,952 | 3,631 | 24,284 | 13,331 | 6,549 | 3,136 |

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| | | | | | | |
|-------------------------------------|--------|--------|--------|--------|--------|---------|
| Cash flow from operating activities | -3,085 | -2,372 | 20,597 | -1,262 | -2,822 | -5,900 |
| Cash conversion (%) | -62.3% | -65.3% | 84.8% | -9.5% | -43.1% | -188.1% |
| NET CASH, END OF PERIOD | | | | | | |

Net cash: Cash and cash equivalents plus short-term investments less interest-bearing liabilities (which include: non-current borrowings and current borrowings).

| SEK million | 2016 | | | 2015 | | |
|---------------------------|--------|--------|--------|--------|--------|--------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Cash and cash equivalents | 28,931 | 35,934 | 40,224 | 33,950 | 32,962 | 35,311 |
| + Short term investments | 19,846 | 25,077 | 26,046 | 17,597 | 20,807 | 30,776 |
| - Borrowings, non-current | 18,164 | 22,110 | 22,744 | 22,900 | 22,551 | 23,496 |
| - Borrowings, current | 9,653 | 2,414 | 2,376 | 2,885 | 3,199 | 2,847 |
| Net cash, end of period | 20,960 | 36,487 | 41,150 | 25,762 | 28,019 | 39,744 |

Table of Contents**CAPITAL EMPLOYED**

Total assets less non-interest-bearing provisions and liabilities.

| SEK million | 2016 | | | 2015 | | |
|-------------------------------------------------|---------|---------|---------|---------|---------|---------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Total assets | 277,387 | 280,325 | 284,363 | 278,378 | 278,916 | 302,967 |
| Non-interest-bearing provisions and liabilities | | | | | | |
| Provisions, non-current | 245 | 158 | 176 | 35 | 139 | 198 |
| Deferred tax liabilities | 2,036 | 2,098 | 2,472 | 2,208 | 3,010 | 3,156 |
| Other non-current liabilities | 2,030 | 1,834 | 1,851 | 1,802 | 1,939 | 1,815 |
| Provisions, current | 3,142 | 3,374 | 3,662 | 4,296 | 5,215 | 3,858 |
| Trade payables | 23,709 | 21,549 | 22,389 | 21,734 | 22,147 | 24,266 |
| Other current liabilities | 54,394 | 55,429 | 58,663 | 58,523 | 59,461 | 70,117 |
| Capital employed | 191,831 | 195,883 | 195,150 | 189,780 | 187,005 | 199,557 |

CAPITAL TURNOVER (TIMES)

Annualized net sales divided by average capital employed.

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|-----------------------------------------|---------|---------|---------|---------|---------|---------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 54,108 | 52,209 | 73,568 | 59,161 | 60,671 | 53,520 |
| Annualized net sales | 216,432 | 208,836 | 294,272 | 236,644 | 242,684 | 214,080 |
| Average capital employed | | | | | | |
| Capital employed at beginning of period | 195,883 | 195,150 | 189,780 | 187,005 | 199,557 | 189,839 |
| Capital employed at end of period | 191,831 | 195,883 | 195,150 | 189,780 | 187,005 | 199,557 |
| Average capital employed | 193,857 | 195,517 | 192,465 | 188,393 | 193,281 | 194,698 |
| Capital turnover (times) | 1.1 | 1.1 | 1.5 | 1.3 | 1.3 | 1.1 |

| Year to date, SEK million | 2016 | | | 2015 | | |
|-----------------------------------------|---------|---------|---------|---------|---------|---------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Net sales | 106,317 | 52,209 | 246,920 | 173,352 | 114,191 | 53,520 |
| Annualized net sales | 212,634 | 208,836 | 246,920 | 231,136 | 228,382 | 214,080 |
| Average capital employed | | | | | | |
| Capital employed at beginning of period | 195,150 | 195,150 | 189,839 | 189,839 | 189,839 | 189,839 |
| Capital employed at end of period | 191,831 | 195,883 | 195,150 | 189,780 | 187,005 | 199,557 |
| Average capital employed | 193,491 | 195,517 | 192,495 | 189,810 | 188,422 | 194,698 |
| Capital turnover (times) | 1.1 | 1.1 | 1.3 | 1.2 | 1.2 | 1.1 |

Table of Contents**RETURN ON CAPITAL EMPLOYED (%)**

The annualized total of operating income plus financial income as a percentage of average capital employed.

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|---------------------------------------------------|---------|---------|---------|---------|---------|---------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Operating income | 2,763 | 3,475 | 11,035 | 5,077 | 3,560 | 2,133 |
| Financial income | 139 | -89 | -109 | 188 | -238 | 684 |
| Annualized Operating income + Financial income | 11,608 | 13,540 | 43,708 | 21,060 | 13,288 | 11,268 |
| Average capital employed | | | | | | |
| Capital employed at beginning of period | 195,883 | 195,150 | 189,780 | 187,005 | 199,557 | 189,839 |
| Capital employed at end of period | 191,831 | 195,883 | 195,150 | 189,780 | 187,005 | 199,557 |
| Average capital employed | 193,857 | 195,517 | 192,465 | 188,393 | 193,281 | 194,698 |
| Return on capital employed (%) | 6.0% | 6.9% | 22.7% | 11.2% | 6.9% | 5.8% |

| Year to date, SEK million | 2016 | | | 2015 | | |
|---------------------------------------------------|---------|---------|---------|---------|---------|---------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Operating income | 6,238 | 3,475 | 21,805 | 10,770 | 5,693 | 2,133 |
| Financial income | 50 | -89 | 526 | 634 | 446 | 684 |
| Annualized Operating income + Financial income | 12,576 | 13,540 | 22,331 | 15,205 | 12,278 | 11,268 |
| Average capital employed | | | | | | |
| Capital employed at beginning of period | 195,150 | 195,150 | 189,839 | 189,839 | 189,839 | 189,839 |
| Capital employed at end of period | 191,831 | 195,883 | 195,150 | 189,780 | 187,005 | 199,557 |
| Average capital employed | 193,491 | 195,517 | 192,495 | 189,810 | 188,422 | 194,698 |
| Return on capital employed (%) | 6.5% | 6.9% | 11.6% | 8.0% | 6.5% | 5.8% |

EQUITY RATIO (%)

Equity, expressed as a percentage of total assets.

| SEK million | 2016 | | | 2015 | | |
|------------------|---------|---------|---------|---------|---------|---------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Total equity | 136,691 | 145,644 | 147,366 | 137,984 | 136,725 | 149,051 |
| Total assets | 277,387 | 280,325 | 284,363 | 278,378 | 278,916 | 302,967 |
| Equity ratio (%) | 49.3% | 52.0% | 51.8% | 49.6% | 49.0% | 49.2% |

RETURN ON EQUITY (%)

Annualized net income attributable to stockholders of the Parent Company as a percentage of average Stockholders equity.

| Isolated quarters, SEK million | 2016 | | | 2015 | | |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net income attributable to stockholders of the parent company | 1,587 | 1,966 | 7,056 | 3,080 | 2,094 | 1,319 |
| Annualized | 6,348 | 7,864 | 28,224 | 12,320 | 8,376 | 5,276 |
| Average Stockholders' equity | | | | | | |
| Stockholders' equity, beginning of period | 144,699 | 146,525 | 137,086 | 135,565 | 147,855 | 144,306 |
| Stockholders' equity, end of period | 135,746 | 144,699 | 146,525 | 137,086 | 135,565 | 147,855 |
| Average Stockholders' equity | 140,223 | 145,612 | 141,806 | 136,326 | 141,710 | 146,081 |
| Return on Equity (%) | 4.5% | 5.4% | 19.9% | 9.0% | 5.9% | 3.6% |

| Year to date, SEK million | 2016 | | | 2015 | | |
|---------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Net income attributable to stockholders of the parent company | 3,553 | 1,966 | 13,549 | 6,493 | 3,413 | 1,319 |
| Annualized | 7,106 | 7,864 | 13,549 | 8,657 | 6,826 | 5,276 |
| Average Stockholders' equity | | | | | | |
| Stockholders' equity, beginning of period | 146,525 | 146,525 | 144,306 | 144,306 | 144,306 | 144,306 |
| Stockholders' equity, end of period | 135,746 | 144,699 | 146,525 | 137,086 | 135,565 | 147,855 |
| Average Stockholders' equity | 141,136 | 145,612 | 145,416 | 140,696 | 139,936 | 146,081 |
| Return on Equity (%) | 5.0% | 5.4% | 9.3% | 6.2% | 4.9% | 3.6% |

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EPS (NON-IFRS), SEK

EPS, diluted, excluding amortizations and write-down of acquired intangible assets and excluding restructuring charges.

| Isolated quarters | 2016 | | | 2015 | | |
|------------------------------------------------------|------|------|------|------|------|------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| EPS diluted, SEK | 0.48 | 0.60 | 2.15 | 0.94 | 0.64 | 0.40 |
| Restructuring charges | 0.22 | 0.13 | 0.15 | 0.21 | 0.58 | 0.13 |
| Amortization and write-downs of acquired intangibles | 0.13 | 0.14 | 0.20 | 0.20 | 0.23 | 0.23 |
| EPS (Non-IFRS) diluted, SEK | 0.83 | 0.87 | 2.50 | 1.35 | 1.45 | 0.76 |

| Year to date | 2016 | | | 2015 | | |
|------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| | Jan-Jun | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| EPS diluted, SEK | 1.08 | 0.60 | 4.13 | 1.98 | 1.04 | 0.40 |
| Restructuring charges | 0.35 | 0.13 | 1.07 | 0.92 | 0.71 | 0.13 |
| Amortization and write-downs of acquired intangibles | 0.27 | 0.14 | 0.86 | 0.66 | 0.46 | 0.23 |
| EPS (Non-IFRS) diluted, SEK | 1.70 | 0.87 | 6.06 | 3.56 | 2.21 | 0.76 |