

ERICSSON LM TELEPHONE CO

Form 6-K

July 20, 2015

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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 20, 2015**

**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):

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NO. 333-203977) AND ON FORM S-8 (Nos. 333-196453, 333-161683 AND 333-161684 ) OF TELEFONAKTIEBOLAGET LM ERICSSON (PUBL.) AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED WITH OR FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION.

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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 Communications**

Date: **July 20, 2015**

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SECOND QUARTER

REPORT 2015, as adjusted for incorporation by reference.

Stockholm, July 17, 2015

**SECOND QUARTER HIGHLIGHTS**

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- > Reported sales increased by 11% YoY.
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- > The mobile broadband business in North America stabilized in the quarter, but remained at a lower level than a year ago.
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- > Professional Services continued to deliver strong sales growth YoY.
7
- > Sales in segment Networks recovered and showed a growth QoQ of 18%.
6
- > Gross margin decreased YoY to 33.2% (36.4%). Excluding restructuring charges, gross margin was 35.1% (36.6%) due to lower capacity business in North America and continued 4G coverage deployments in Mainland China, lower IPR revenues and higher share of services sales.
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- > The global cost and efficiency program is progressing according to plan and restructuring charges in the quarter were SEK 2.7 (0.2) b., mainly related to the reductions in Sweden.
3
- > Operating income, excluding restructuring charges, improved in all segments YoY to SEK 6.3 (4.2) b. and segment Networks operating margin recovered from last quarter.
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- > Cash flow from operating activities recovered to SEK 3.1 (2.1) b., after a weak first quarter.
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Q2      Q2      YoY      Q1      QoQ    Six months    Six months

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SEK b.	2015	2014	change	2015	change	2015	2014
Net sales	60.7	54.8	11%	53.5	13%	114.2	102.4
Gross margin	33.2%	36.4%	-	35.4%	-	34.2%	36.4%
<i>Operating margin excluding restructuring charges</i>	10.4%	7.7%	-	5.1%	-	7.9%	6.8%
Operating income	3.6	4.0	-11%	2.1	67%	5.7	6.6
<i>Operating income excluding restructuring charges</i>	6.3	4.2	49%	2.7	129%	9.1	7.0
Operating margin	5.9%	7.3%	-	4.0%	-	5.0%	6.5%
<i>Gross margin excluding restructuring charges</i>	35.1%	36.6%	-	36.3%	-	35.7%	36.6%
Net income	2.1	2.7	-20%	1.5	46%	3.6	4.4
EPS diluted, SEK	0.64	0.79	-19%	0.40	60%	1.04	1.44
Cash flow from operating activities	3.1	2.1	50%	-5.9	-152%	-2.8	11.5
Net cash, end of period <sup>1)</sup>	3.5	32.5	-89%	15.6	-78%	3.5	32.5

<sup>1)</sup> Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 28.

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### **CEO COMMENTS**

Reported sales increased by 11%. Profitability improved sequentially, driven by a strong development in segment Networks.

#### **Business**

The mobile broadband business in North America stabilized in the quarter, but remained at a lower level than a year ago. The YoY decline in North America was partly offset by an increased pace of 4G deployments in Mainland China. Sales growth was strong in the Middle East, India and South East Asia, while it continued to be weak in Japan. Professional Services sales increased YoY with continued strong global demand and growth in all ten regions.

The OSS & BSS business had a favorable development YoY, contributing to sales both in Professional Services and segment Support Solutions.

Segment Networks sales increased by 18% sequentially, supported by the stabilized mobile broadband sales in North America.

#### **Profitability**

Operating income, excluding restructuring charges, increased YoY by almost 50%, with improvements in all segments. After a weak first quarter, segment Networks profitability recovered, driven by increased sales and a positive currency hedge effect.

#### **IPR revenues**

Reported IPR revenues were slightly down YoY despite a positive currency effect as a majority of the licenses contracts are in USD. The decline was primarily due to the ongoing dispute with a major customer.

#### **Cost and efficiency program**

The global cost and efficiency program is progressing according to plan. The target, to achieve savings of approximately SEK 9 b. during 2017 relative to 2014, remains. During the quarter, numerous activities were implemented globally including a reduction of 2,100 positions in Sweden, resulting in higher than normal restructuring charges. Savings related to the activities will start to impact results towards the end of this year.

#### **Cash flow**

After a weak first quarter, cash flow from operating activities was positive in the quarter. As cash flow is volatile between quarters it should be viewed on a full-year basis. Our full-year cash conversion target of more than 70% remains.

#### **Targeted growth areas**

Our growth strategy builds on a combination of excelling in our core business and establishing leadership in targeted growth areas. We see good progress in the targeted areas and sales continued its strong development from the first

quarter. This was mainly driven by a solid sales development in OSS & BSS.

The consolidation in the industry continues, both among vendors and customers, creating opportunities and challenges. Therefore we have, during the first half of 2015, accelerated our transformation journey towards becoming a true ICT company. With our ongoing strategic initiatives we are well positioned to continue to create value for our customers in a transforming market.

**Hans Vestberg**

President and CEO

2 Ericsson | Second Quarter Report 2015

**Table of Contents****FINANCIAL HIGHLIGHTS**

	Q2	Q2	YoY	Q1	QoQ	6 months	6 months
SEK b.	2015	2014	change	2015	change	2015	2014
Net sales	60.7	54.8	11%	53.5	13%	114.2	102.4
<i>Of which Networks</i>	31.2	29.0	8%	26.4	18%	57.6	53.3
<i>Of which Global Services</i>	26.4	23.1	14%	23.9	10%	50.3	43.4
<i>Of which Support Solutions</i>	3.1	2.8	9%	3.1	1%	6.2	5.6
<i>Of which Modems</i>	0.0	0.0	-	0.1	-	0.1	0.0
Gross income	20.1	19.9	1%	19.0	6%	39.1	37.3
Gross margin (%)	33.2%	36.4%	-	35.4%	-	34.2%	36.4%
Research and development expenses	-9.9	-9.1	9%	-8.5	17%	-18.4	-17.4
Selling and administrative expenses	-7.8	-6.5	19%	-7.1	9%	-14.9	-13.0
Other operating income and expenses	1.1	-0.2	-	-1.2	-	-0.2	-0.2
Operating income	3.6	4.0	-11%	2.1	67%	5.7	6.6
Operating margin	5.9%	7.3%	-	4.0%	-	5.0%	6.5%
<i>for Networks</i>	8%	12%	-	2%	-	5%	11%
<i>for Global Services</i>	6%	6%	-	7%	-	7%	6%
<i>for Support Solutions</i>	-8%	-13%	-	3%	-	-3%	-7%
<i>for Modems</i>	-	-	-	0%	-	-	-
Financial net	-0.5	-0.2	168%	-0.1	-	-0.6	-0.4
Taxes	-0.9	-1.1	-20%	-0.6	46%	-1.5	-1.9
Net income	2.1	2.7	-20%	1.5	46%	3.6	4.4
<i>Restructuring charges</i>	-2.7	-0.2	-	-0.6	-	-3.4	-0.4

**Net sales**

Reported sales increased by 11% YoY. Significant currency effects impacted sales positively, mainly due to a strengthened USD towards the SEK.

The mobile broadband business in North America stabilized in the second quarter. However, sales in North America are still at a lower level than a year ago. In addition, sales declined in Japan, parts of Latin America and Russia. This was partly offset by a continued fast pace of 4G deployments in Mainland China. Sales growth was also strong in regions Middle East, India and South East Asia. Professional Services sales increased YoY driven by Consulting and Systems Integration and Managed Services.

Sequentially, reported sales increased by 13%. As the second quarter progressed mobile broadband business in North America stabilized. The large scale 4G deployments in Mainland China continued at high pace and the activity level in region Middle East also remained high. This was partly offset by lower sales in Japan.



Reported IPR revenues were down both YoY and QoQ. The majority of the licenses contracts are in USD and the stronger USD supported the YoY comparison. The decline YoY was primarily due to the ongoing dispute with a major customer.

### Gross margin

Gross margin decreased YoY mainly due to increased restructuring charges. Excluding restructuring charges, gross margin declined to 35.1% (36.6%) due to lower capacity business in North America and continued 4G coverage deployments in Mainland China.

In addition lower IPR revenues and higher share of services sales impacted gross margin negatively.

The gross margin decreased sequentially due to lower IPR revenues and increased share of hardware sales driven by mobile broadband coverage deployments.

### Restructuring charges and cost and efficiency program

The global cost and efficiency program is progressing according to plan. The target, to achieve savings of approximately SEK 9 b. during 2017 relative to 2014, remains. During the quarter, numerous activities were implemented globally, including a reduction of 2,100 positions in Sweden, with approximately 1,700 employees leaving the company. Savings related to the activities will start to impact results towards the end of this year. The total restructuring charges increased YoY and QoQ following the implementation of the cost and efficiency program.

Efforts to identify and implement efficiency gains are progressing and total restructuring charges for full-year 2015 are expected to be SEK 4-5 b. The increase, compared with previous estimate of SEK 3-4 b., is a consequence of a somewhat higher implementation pace.

### Operating expenses

Restructuring charges impacted operating expenses negatively by SEK 1.6 (0.1) b. Total operating expenses, excluding restructuring charges, were SEK 16.1 (15.5) b. The increase was due to negative currency effects.

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### **Other operating income and expenses**

Other operating income and expenses improved YoY following a positive currency hedge contracts effect and a capital gain of SEK 0.3 b. related to a real estate divestment in the US.

The revaluation and realization effects from currency hedge contracts were SEK 0.6 b. This is to be compared with hedge contract effects of SEK -1.4 b. in Q1 2015 and SEK -0.5 b. in Q2 2014.

The positive effect derives mainly from the hedge contract balance in USD. The SEK has strengthened towards the USD between March 31, 2015 (SEK/USD rate 8.64) and June 30, 2015 (SEK/USD rate 8.24).

### **Operating income**

Operating income decreased YoY due to higher restructuring charges of SEK 2.7 (0.2) b. Operating income, excluding restructuring charges, improved to SEK 6.3 (4.2) b. with an operating margin of 10.4% (7.7%). The improvement was driven by higher sales and positive currency hedge effects, partly offset by a lower gross margin.

Despite higher restructuring charges, operating income increased QoQ driven by higher sales and positive other operating income and expenses.

### **Financial net**

The negative financial net increased YoY and QoQ, mainly related to a lower cash position and negative interest revaluation effects.

### **Net income and EPS**

Net income and EPS diluted decreased YoY following the lower operating income. Net income and EPS increased QoQ.

### **Employees**

The number of employees on June 30, 2015 was 117,183 compared with 118,706 on March 31, 2015. The decrease is mainly related to implementation of the global cost and efficiency program outside Sweden. Effects from headcount reductions in Sweden will start impacting number of employees during the third quarter. The number of Ericsson services professionals on June 30, 2015 was 65,000 (66,000 March 31, 2015).

## **MODEMS**

### **Net Sales**

The discontinuation of the modems business is now almost completed. Net sales in the quarter was SEK 0.0 b.

**Operating income**

Operating income for the modems business was SEK 0.0 b.

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SEK b.	Networks	Second quarter 2015			Total	Change	
		Global Services	Support Solutions			YoY	QoQ
North America	6.7	7.1	0.8	14.6	-4%	19%	
Latin America	2.3	2.6	0.2	5.1	-6%	11%	
Northern Europe and Central Asia	1.5	0.9	0.1	2.6	-6%	-6%	
Western and Central Europe	1.9	3.1	0.1	5.1	12%	8%	
Mediterranean	2.4	3.3	0.2	5.9	7%	18%	
Middle East	4.0	2.1	0.3	6.5	44%	44%	
Sub-Saharan Africa	1.2	1.3	0.2	2.7	41%	23%	
India	1.8	1.1	0.2	3.0	85%	-14%	
North East Asia	4.8	2.0	0.2	6.9	8%	15%	
South East Asia and Oceania	2.5	2.3	0.1	4.9	34%	15%	
Other <sup>1)</sup>	2.0	0.7	0.7	3.4	1%	-10%	
<b>Total</b>	<b>31.2</b>	<b>26.4</b>	<b>3.1</b>	<b>60.7</b>	<b>11%</b>	<b>13%</b>	

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

**North America**

Mobile broadband sales in the quarter stabilized, driven by data traffic growth, while operators remained focused on cash flow optimization and consolidation. Business related to ICT transformation continued to develop favorably in the quarter.

**Latin America**

Sales decreased slightly YoY. Business in Professional Services showed a strong development driven by BSS transformation and Systems Integration projects. Currency restrictions and lower capex levels impacted mobile broadband investments in some parts of the region.

**Northern Europe and Central Asia**

Sales declined YoY, primarily driven by slower mobile broadband investments in Russia. Professional Services showed good momentum and Support Solutions continued to develop favorably, both TV & Media and OSS & BSS.

**Western and Central Europe**

Sales increased YoY driven by Global Services, as operators seek network quality and operational efficiencies. Mobile broadband deployments and investments in network quality continued.

### **Mediterranean**

Sales growth YoY was mainly driven by Global Services, where Managed Services was the major contributor. Quality and capacity projects related to 3G and 4G contributed positively to Networks sales.

### **Middle East**

Sales growth YoY was driven by continued high investments in mobile broadband. Support Solutions sales showed strong growth, especially in OSS.

### **Sub-Saharan Africa**

Continued growth YoY in most markets, compared to a weak first half 2014, driven by strong data growth as well as positive development of managed services across the region.

### **India**

Sales increased YoY, mainly due to continued mobile broadband investments, driven by growth in mobile data traffic. Global Services sales continued to show a strong development.

### **North East Asia**

Sales growth continued, driven by 4G contracts in Mainland China, partly offset by lower operator investments in Japan.

### **South East Asia and Oceania**

Sales increased YoY, primarily driven by continued mobile broadband projects. Important 4G contracts were signed in Indonesia in the quarter. Professional Services continued to show good momentum.

### **Other**

Reported IPR revenues were slightly down YoY despite a positive currency effect, as a majority of the licenses contracts are in USD. The decline was primarily due to the ongoing dispute with a major customer.

Broadcast services sales continued to show good growth.

**Table of Contents****SEGMENT RESULTS****NETWORKS**

	Q2	Q2	YoY	Q1	QoQ	6 months	6 months
SEK b.	2015	2014	change	2015	change	2015	2014
Net sales	31.2	29.0	8%	26.4	18%	57.6	53.3
Operating income	2.4	3.6	-32%	0.6	313%	3.0	6.1
<i>Operating income excluding restructuring charges</i>	4.3	3.7	16%	0.8	460%	5.0	6.3
Operating margin	8%	12%	-	2%	-	5%	11%
<i>Operating margin excluding restructuring charges</i>	14%	13%	-	3%	-	9%	12%
<i>Restructuring charges</i>	-1.8	-0.1	-	-0.2	-	-2.0	-0.2

**Net sales**

Reported sales increased by 8% YoY. Sales growth related to mobile broadband deployments in Mainland China, the Middle East and India contributed positively.

Sales increased QoQ following stabilized mobile broadband business in North America. Increased sales in Mainland China and the Middle East also contributed positively in the quarter.

**Operating income and margin**

The operating income and margin recovered in the quarter. Excluding restructuring charges, operating income improved YoY, positively impacted by higher sales and positive currency effects. This was partly offset by a business mix with continued high share of coverage business in Mainland China and low share of capacity business in North America. Somewhat increased operating expenses and lower IPR revenues also had a negative impact on operating margin.

Reported operating income declined YoY due to restructuring charges of SEK 1.8 (0.1) b. Most of the charges are related to implementation of the global cost and efficiency program in Sweden. The effect from currency hedge contracts was positive at SEK 0.5 (-0.2) b.

Operating income and margin improved sequentially following higher sales, improved business mix with higher share of capacity business from North America and a positive effect from currency hedge contracts. Higher restructuring charges and lower IPR revenues impacted operating income negatively.



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## GLOBAL SERVICES

	Q2	Q2	YoY	Q1	QoQ	6 months	6 months
SEK b.	2015	2014	change	2015	change	2015	2014
Net sales	26.4	23.1	14%	23.9	10%	50.3	43.4
<i>Of which Professional Services</i>	20.0	16.6	21%	18.1	10%	38.1	31.7
<i>Of which Managed Services</i>	8.2	6.5	26%	7.5	9%	15.7	12.2
<i>Of which Network Rollout</i>	6.4	6.5	-2%	5.8	11%	12.2	11.8
Operating income	1.6	1.5	10%	1.7	-2%	3.3	2.5
<i>Of which Professional Services</i>	2.4	2.1	15%	2.1	14%	4.5	4.0
<i>Of which Network Rollout</i>	-0.8	-0.6	25%	-0.4	78%	-1.2	-1.5
Operating margin	6%	6%		7%		7%	6%
<i>for Professional Services</i>	12%	13%		12%		12%	13%
<i>for Network Rollout</i>	-12%	-9%		-7%		-10%	-12%
<i>Operating income excluding restructuring charges</i>	2.3	1.6	49%	2.1	11%	4.4	2.6
<i>Operating margin excluding restructuring charges</i>	9%	7%	-	9%	-	9%	6%
<i>Restructuring charges</i>	-0.7	-0.1		-0.4		-1.1	-0.1

**Net sales**

Reported sales increased by 14% YoY. The good momentum in Professional Services continued, with growth in all ten regions.

**Operating income and margin**

Operating income improved in Global Services YoY. Operating margin, excluding restructuring charges, was 9% (7%), driven by increased sales in Professional Services and reduced losses in Network Rollout.

The effect from currency hedge contracts was SEK 0.1 (-0.2) b.

Operating margin in Professional Services declined slightly YoY due to increased restructuring charges and strong growth in Managed Services.

The work to return the Network Rollout business to profitability continues with good progress and operating margin, excluding restructuring charges, improved YoY to -4% (-9%).

Global Services operating income decreased slightly QoQ due to increased restructuring charges. Professional Services margin was flat QoQ.



SEK b.	Q2 2015	Q1 2015	Full year 2014
Number of signed Managed Services contracts	30	27	71
Number of signed significant consulting & systems integration contracts <sup>1)</sup>	16	13	56

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

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## SUPPORT SOLUTIONS

	Q2	Q2	YoY	Q1	QoQ	6 months	6 months
SEK b.	2015	2014	change	2015	change	2015	2014
Net sales	3.1	2.8	9%	3.1	1%	6.2	5.6
Operating income	-0.2	-0.4	-37%	0.1	-	-0.2	-0.4
<i>Operating income excluding restructuring charges</i>	<i>0.0</i>	<i>-0.3</i>	<i>-87%</i>	<i>0.1</i>	-	<i>0.1</i>	<i>-0.3</i>
Operating margin	-8%	-13%	-	3%	-	-3%	-7%
<i>Operating margin excluding restructuring charges</i>	<i>-2%</i>	<i>-12%</i>	-	<i>3%</i>	-	<i>1%</i>	<i>-6%</i>
<i>Restructuring charges</i>	<i>-0.2</i>	<i>0.0</i>	-	<i>0.0</i>	-	<i>-0.2</i>	<i>0.0</i>

**Net sales**

Reported sales increased by 9% YoY. Sales of OSS & BSS continued to show strong growth while the TV & Media business declined due to lower software licensing sales.

**Operating income and margin**

Operating income and margin improved YoY. Operating margin excluding restructuring charges was -2% (-12%), driven primarily by sales growth in OSS & BSS. This was partly offset by lower IPR revenues.

Operating Income declined QoQ due to increased restructuring charges and lower IPR revenues.

**Table of Contents****CASH FLOW**

	Q2 2015	Q2 2014	Q1 2015
SEK b.			
Net income reconciled to cash	3.4	5.9	3.1
Changes in operating net assets	-0.3	-3.8	-9.0
Cash flow from operating activities	3.1	2.1	-5.9
Cash flow from investing activities	7.0	3.7	-2.1
Cash flow from financing activities	-10.6	-12.2	0.9
<b>Net change in cash and cash equivalents</b>	<b>-2.3</b>	<b>-5.0</b>	<b>-5.7</b>
<i>Cash conversion (%) <sup>1)</sup></i>	<i>90%</i>	<i>35%</i>	<i>-188%</i>

Cash flow from operating activities recovered in the quarter after a weak first quarter. Working capital was benefiting from good collection of receivables and improved net income.

Investing activities in the quarter was impacted by the continued construction of new ICT centers in Sweden and Canada, with a total investment of approximately SEK 7 b., 2014-2018. This was more than offset by decreased short-term investments of SEK 9.7 b. and real estate divestment in the US generated a positive cash flow effect of SEK 0.8 b.

Cash flow from financing activities was negatively impacted by payments of dividends of SEK 11.0 b. in the quarter.

Payments related to restructuring charges already provisioned for, amounted to approximately SEK 0.5 b. in the quarter.

	Jan-Jun 2015	Jan-Mar 2015	Jan-Dec 2014	Jan-Sep 2014	Jan-Jun 2014
Working capital KPIs, number of days					
Sales outstanding	112	125	105	111	113
Inventory	74	82	64	69	70
Payable	57	64	56	57	61

Days sales outstanding decreased as a result of good collection. Inventory days is trending down but is still on a high level due to the high share of coverage business in Mainland China. Payable days decreased after a seasonally strong Q1. Efforts, in order to reduce working capital through a better order-to-cash process, continue.

<sup>1)</sup>Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 28.



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	Jun 30	Jun 30	Mar 31
	2015	2014	2015
SEK b.			
+ Short-term investments	20.8	35.3	30.8
+ Cash and cash equivalents	33.0	33.1	35.3
<b>Gross cash</b>	<b>53.8</b>	<b>68.4</b>	<b>66.1</b>
Interest bearing liabilities and post-employment benefits	50.3	35.9	50.5
<b>Net cash <sup>1)</sup></b>	<b>3.5</b>	<b>32.5</b>	<b>15.6</b>
Equity	136.7	138.0	149.1
Total assets	278.9	265.5	303.0
Capital turnover (times)	1.3	1.2	1.1
Equity ratio (%)	49%	52.0%	49.2%

Net cash decreased in the quarter as a result of the dividend payout and capex related to the construction of three global ICT centers in Sweden and Canada. This was partly offset by the positive cash flow from operating activities.

The net cash position, excluding post-employment benefits, was SEK 28.0 b.

The average maturity of long-term borrowings as of June 30, 2015, was 5.3 years, compared to 6.2 years 12 months earlier.

In the quarter a revolving Credit Facility of USD 2.0 b. was renewed. The new facility expires in 2020.

**Debt maturity profile, Parent Company**

<sup>1)</sup>Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 28.

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### **OTHER INFORMATION**

#### **Ericsson's Nomination Committee appointed**

On May 25, 2015, Ericsson announced that the Nomination Committee for the Annual General Meeting (AGM) 2016 has 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; Bengt Kjell, AB Industrivärden and Handelsbankens Pensionsstiftelse; Johan Held, AFA Försäkring; Marianne Nilsson, Swedbank Robur Fonder; and Leif Johansson, the Chairman of the Board of Director. Petra Hedengran is the Chairman of the Nomination Committee.

#### **Apple litigations**

A past global patent license agreement between Ericsson and Apple expired in January 2015 and Apple declined to take a new license on offered FRAND terms. Ericsson negotiated a renewal agreement with Apple for more than two years. During the negotiations, the companies were not able to reach an agreement on licensing of Ericsson's patents that enable Apple's mobile devices to connect with the world and power many of their applications.

On January 12, 2015, Apple initiated litigation with Ericsson by filing a lawsuit in the United States District Court for the Northern District of California, seeking a ruling that Apple does not infringe seven of Ericsson's patents. Two days later, on January 14, 2015, Ericsson filed a complaint in the United States District Court for the Eastern District of Texas requesting a ruling that its proposed global licensing terms with Apple were fair and reasonable.

On February 26, 2015, after Apple refused Ericsson's offer to have a court determine fair licensing terms by which both companies would be bound, Ericsson filed two complaints with the International Trade Commission (ITC) and seven complaints in the United States District Court for the Eastern District of Texas against Apple, asserting infringement of 41 additional Ericsson patents. Ericsson subsequently amended its complaints to assert two additional patents in the US. Ericsson seeks exclusion orders in the ITC proceedings and damages and injunctions in the District Court actions.

On May 8, 2015, Ericsson further announced that it has filed patent infringement suits against Apple in Germany, the United Kingdom and the Netherlands, seeking damages and injunctions. Ericsson has asserted both standard-essential patents related to the 2G and 4G/LTE standards and other patents that are critical to features and functionality of Apple devices, such as the design of semiconductor components, user interface software, location services and applications, as well as the iOS operating system.

Hearings and trials in the various cases are scheduled to begin in December 2015 and continue into 2016. Ericsson expects that the first court rulings will be issued by a German court in the first quarter of 2016.

#### **Implementation of cost and efficiency program in Sweden**

On June 24, 2015, Ericsson completed the redundancy process in Sweden, announced on March 11, 2015. The reduction of approximately 2,100 positions in Sweden, with some 1,700 employees leaving the company, is part of the global cost and efficiency program.

### **Adaptix litigations**

In 2013, Adaptix Inc. ( Adaptix ), a US company, filed two lawsuits against Ericsson, AT&T, AT&T Mobility and MetroPCS Communications in the US District Court for Eastern District of Texas alleging that certain Ericsson products infringe five US patents purportedly assigned to Adaptix. Adaptix seeks damages and an injunction. The trial is scheduled for August 2015.

On May 20, 2014, Adaptix filed three patent infringement lawsuits against Ericsson, T-Mobile, Verizon and Sprint in the same court regarding three US patents. One of these lawsuits accuses Ericsson s LTE products and Sprint s use thereof of infringement, one accuses Ericsson s LTE products and Verizon s use thereof of infringement, and one accuses Ericsson s LTE products and T-Mobile s use thereof of infringement. In January 2015, Adaptix filed one more lawsuit in the same court alleging that Ericsson s LTE products, and Sprint and Verizon s use thereof, infringe another U.S. Patent.

In addition to a complaint filed in 2013 with the Tokyo District Court, Adaptix filed another lawsuit in Japan in September 2014 alleging that Ericsson s LTE products infringe another Japanese patent. In the lawsuits in Japan, Adaptix is also seeking damages and an injunction.

### **WiLAN litigations**

In 2012, Wi-LAN Inc., a Canadian patent licensing company, filed a complaint against Ericsson in the US District Court for the Southern District of Florida alleging that Ericsson s LTE products infringe three of Wi-LAN s US patents.

In June 2013, Ericsson s motion for summary judgment was granted and in August 2014, the decision was reversed by the United States Court of Appeals for the Federal Circuit.

On May 22, the Florida Court granted a Motion for Summary Judgment in favor of Ericsson. WiLAN may still file a notice to appeal the decision.

### **DISCLOSURE PURSUANT TO SECTION 219 OF THE IRAN THREAT REDUCTION AND SYRIA HUMAN RIGHTS ACT OF 2012 (ITRA)**

During the second quarter of 2015, Ericsson made sales of telecommunications infrastructure related products and services in Iran to MTN Irancell and to Mobile Communication Company of Iran, which generated gross revenues (reported as net sales) of approximately SEK 744 million. Ericsson does not normally allocate quarterly net profit (reported as net income) on a country-by-country or activity-by-activity basis, other than as set forth in Ericsson s consolidated financial statements prepared in accordance with IFRS as issued by the IASB. However, Ericsson has estimated that its operating income (income before taxes and financial net) from such sales, after internal cost allocation, during the second quarter of 2015 would be substantially lower than such gross revenues. During the second quarter of 2015 Ericsson and Sherkat e Khadamate Jame Avai e Ertbatat e Novin Khavar Mianeh ( HiWEB ) has had discussions relating to potential future sales by Ericsson of telecommunications infrastructure related products and services to HiWEB.

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### **RISK FACTORS**

Ericsson's operational and financial risk factors and uncertainties along with our strategies and tactics to mitigate risk exposures or limit unfavorable outcomes are described in our Annual Report 2014. Compared to the risks described in the Annual Report 2014, no material, new or changed risk factors or uncertainties have been identified in the year.

Risk factors and uncertainties in focus short-term for the Parent Company and the Ericsson Group include:

- > 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 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;
- > 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.

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. Moreover, Ericsson operates globally in accordance with Group policies and directives for business ethics and conduct.

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

Date for next report: October 23, 2015



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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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**Table of Contents****CONSOLIDATED INCOME STATEMENT**

SEK million	2015	Apr Jun 2014	Change	2015	Jan Jun 2014	Change
Net sales	60,671	54,849	11%	114,191	102,354	12%
Cost of sales	40,536	34,910	16%	75,092	65,094	15%
<b>Gross income</b>	<b>20,135</b>	<b>19,939</b>	<b>1%</b>	<b>39,099</b>	<b>37,260</b>	<b>5%</b>
Gross margin (%)	33.2%	36.4%		34.2%	36.4%	
Research and development expenses	9,896	9,084	9%	18,383	17,359	6%
Selling and administrative expenses	7,765	6,541	19%	14,896	12,993	15%
<b>Operating expenses</b>	<b>17,661</b>	<b>15,625</b>	<b>13%</b>	<b>33,279</b>	<b>30,352</b>	<b>10%</b>
Other operating income and expenses	1,059	206		181	185	
Shares in earnings of JV and associated companies	27	109		54	94	
<b>Operating income</b>	<b>3,560</b>	<b>3,999</b>	<b>11%</b>	<b>5,693</b>	<b>6,629</b>	<b>14%</b>
Financial income	238	268		446	669	
Financial expenses	290	465		1,030	1,077	
<b>Income after financial items</b>	<b>3,032</b>	<b>3,802</b>	<b>20%</b>	<b>5,109</b>	<b>6,221</b>	<b>18%</b>
Taxes	909	1,140		1,532	1,867	
<b>Net income</b>	<b>2,123</b>	<b>2,662</b>	<b>20%</b>	<b>3,577</b>	<b>4,354</b>	<b>18%</b>
Net income attributable to:						
Stockholders of the Parent Company	2,094	2,579		3,413	4,699	
Non controlling interests	29	83		164	345	
Other information						
Average number of shares, basic (million)	3,247	3,235		3,246	3,234	
Earnings per share, basic (SEK) <sup>1)</sup>	0.64	0.80		1.05	1.45	
Earnings per share, diluted (SEK) <sup>1)</sup>	0.64	0.79		1.04	1.44	

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

## STATEMENT OF COMPREHENSIVE INCOME

SEK million	Apr 2015	Jun 2014	Jan 2015	Jun 2014
<b>Net income</b>	<b>2,123</b>	<b>2,662</b>	<b>3,577</b>	<b>4,354</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of defined benefits pension plans incl. asset ceiling	1,562	574	4,773	2,196
Tax on items that will not be reclassified to profit or loss	610	114	1,304	443
<b>Items that may be reclassified to profit or loss</b>				
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			181	
Changes in cumulative translation adjustments	2,626	2,619	1,783	3,020
Share of other comprehensive income on JV and associated companies	92	117	96	128
Tax on items that may be reclassified to profit or loss				
<b>Total other comprehensive income, net of tax</b>	<b>3,670</b>	<b>2,276</b>	<b>1,601</b>	<b>1,395</b>
<b>Total comprehensive income</b>	<b>1,547</b>	<b>4,938</b>	<b>1,976</b>	<b>5,749</b>
Total comprehensive income attributable to:				
Stockholders of the Parent Company	1,515	4,792	1,790	6,032
Non controlling interest	32	146	186	283

**Table of Contents****CONSOLIDATED BALANCE SHEET**

	Jun 30	Mar 31	Dec 31
SEK million	2015	2015	2014
<b>ASSETS</b>			
<b>Non current assets</b>			
Intangible assets			
Capitalized development expenses	4,032	3,522	3,570
Goodwill	39,872	41,140	38,330
Intellectual property rights, brands and other intangible assets	10,739	12,238	12,534
Property, plant and equipment	15,309	14,947	13,341
Financial assets			
Equity in JV and associated companies	1,627	1,783	2,793
Other investments in shares and participations	855	836	591
Customer finance, non current	1,919	2,311	1,932
Other financial assets, non current	5,010	6,505	5,900
Deferred tax assets	14,054	14,274	12,778
	<b>93,417</b>	<b>97,556</b>	<b>91,769</b>
<b>Current assets</b>			
Inventories	32,327	33,657	28,175
Trade receivables	73,932	80,334	77,893
Customer finance, current	2,552	2,633	2,289
Other current receivables	22,919	22,700	21,273
Short term investments	20,807	30,776	31,171
Cash and cash equivalents	32,962	35,311	40,988
	<b>185,499</b>	<b>205,411</b>	<b>201,789</b>
<b>Total assets</b>	<b>278,916</b>	<b>302,967</b>	<b>293,558</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stockholders equity	135,565	147,855	144,306
Non controlling interest in equity of subsidiaries	1,160	1,196	1,003
	<b>136,725</b>	<b>149,051</b>	<b>145,309</b>
<b>Non current liabilities</b>			
Post employment benefits	24,530	24,163	20,385
Provisions, non current	139	198	202
Deferred tax liabilities	3,010	3,156	3,177
Borrowings, non current	22,551	23,496	21,864
Other non current liabilities	1,939	1,815	1,797
	<b>52,169</b>	<b>52,828</b>	<b>47,425</b>

<b>Current liabilities</b>			
Provisions, current	5,215	3,858	4,225
Borrowings, current	3,199	2,847	2,281
Trade payables	22,147	24,266	24,473
Other current liabilities	59,461	70,117	69,845
	<b>90,022</b>	<b>101,088</b>	<b>100,824</b>
<b>Total equity and liabilities</b>	<b>278,916</b>	<b>302,967</b>	<b>293,558</b>
<i>Of which interest bearing liabilities and post employment benefits</i>	<i>50,280</i>	<i>50,506</i>	<i>44,530</i>
<i>Of which net cash <sup>1)</sup></i>	<i>3,489</i>	<i>15,581</i>	<i>27,629</i>
Assets pledged as collateral	2,608	2,590	2,525
Contingent liabilities	693	721	737

<sup>1)</sup> Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 28.



**Table of Contents****CONSOLIDATED STATEMENT****OF CASH FLOWS**

SEK million	Apr 2015	Jun 2014	Jan 2015	Jun 2014	Jan 2014	Dec 2014
<b>Operating activities</b>						
Net income	2,123	2,662	3,577	4,354		11,143
Adjustments to reconcile net income to cash						
Taxes	1,360	26	3,281	1,322		1,235
Earnings/dividends in JV and associated companies	49	356	27	340		305
Depreciation, amortization and impairment losses	2,579	2,414	5,260	4,774		9,945
Other	22	404	966	953		2,185
	<b>3,413</b>	<b>5,862</b>	<b>6,549</b>	<b>9,099</b>		<b>22,343</b>
<b>Changes in operating net assets</b>						
Inventories	383	1,188	3,636	3,287		2,924
Customer finance, current and non current	405	341	147	217		710
Trade receivables	3,630	892	5,667	7,065		1,182
Trade payables	1,400	1,644	3,068	1,534		1,265
Provisions and post employment benefits	1,685	225	1,519	689		859
Other operating assets and liabilities, net	5,038	2,806	10,000	2,483		1,595
	<b>335</b>	<b>3,808</b>	<b>9,371</b>	<b>2,357</b>		<b>3,641</b>
<b>Cash flow from operating activities</b>	<b>3,078</b>	<b>2,054</b>	<b>2,822</b>	<b>11,456</b>		<b>18,702</b>
<b>Investing activities</b>						
Investments in property, plant and equipment	2,424	1,320	4,791	2,354		5,322
Sales of property, plant and equipment	1,075	53	1,150	327		522
Acquisitions/divestments of subsidiaries and other operations, net	169	1,512	227	2,361		4,394
Product development	843	185	1,137	382		1,523
Other investing activities	280	388	162	557		3,392
Short term investments	9,678	7,012	10,077	222		6,596
<b>Cash flow from investing activities</b>	<b>7,037</b>	<b>3,660</b>	<b>4,910</b>	<b>5,105</b>		<b>7,513</b>

<b>Cash flow before financing activities</b>	<b>10,115</b>	<b>5,714</b>	<b>2,088</b>	<b>6,351</b>	<b>11,189</b>
<b>Financing activities</b>					
Dividends paid	11,035	9,828	11,060	9,828	9,846
Other financing activities	431	2,393	1,330	7,462	8,379
<b>Cash flow from financing activities</b>	<b>10,604</b>	<b>12,221</b>	<b>9,730</b>	<b>17,290</b>	<b>18,225</b>
Effect of exchange rate changes on cash	1,860	1,499	384	1,932	5,929
<b>Net change in cash and cash equivalents</b>	<b>2,349</b>	<b>5,008</b>	<b>8,026</b>	<b>9,007</b>	<b>1,107</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>35,311</b>	<b>38,096</b>	<b>40,988</b>	<b>42,095</b>	<b>42,095</b>
<b>Cash and cash equivalents, end of period</b>	<b>32,962</b>	<b>33,088</b>	<b>32,962</b>	<b>33,088</b>	<b>40,988</b>

**Table of Contents****CONSOLIDATED STATEMENT****OF CHANGES IN EQUITY**

	Jan Jun	Jan Jun	Jan Dec
SEK million	2015	2014	2014
<b>Opening balance</b>	<b>145,309</b>	<b>141,623</b>	<b>141,623</b>
Total comprehensive income	1,976	5,749	12,709
Sale/repurchase of own shares	88	54	106
Stock purchase plan	414	360	717
Dividends paid	11,060	9,828	9,846
Transactions with non controlling interests	2		
<b>Closing balance</b>	<b>136,725</b>	<b>137,958</b>	<b>145,309</b>

**CONSOLIDATED INCOME STATEMENT****ISOLATED QUARTERS**

	2015			2014		
Isolated quarters, SEK million	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	60,671	53,520	67,986	57,643	54,849	47,505
Cost of sales	40,536	34,556	43,100	37,362	34,910	30,184
<b>Gross income</b>	<b>20,135</b>	<b>18,964</b>	<b>24,886</b>	<b>20,281</b>	<b>19,939</b>	<b>17,321</b>
Gross margin (%)	33.2%	35.4%	36.6%	35.2%	36.4%	36.5%
Research and development expenses	9,896	8,487	9,668	9,281	9,084	8,275
Selling and administrative expenses	7,765	7,131	8,107	6,000	6,541	6,452
<b>Operating expenses</b>	<b>17,661</b>	<b>15,618</b>	<b>17,775</b>	<b>15,281</b>	<b>15,625</b>	<b>14,727</b>
Other operating income and expenses	1,059	1,240	837	1,134	206	21
Shares in earnings of JV and associated companies	27	27	28	10	109	15
<b>Operating income</b>	<b>3,560</b>	<b>2,133</b>	<b>6,302</b>	<b>3,876</b>	<b>3,999</b>	<b>2,630</b>
Financial income	238	684	179	429	268	401
Financial expenses	290	740	639	557	465	612
<b>Income after financial items</b>	<b>3,032</b>	<b>2,077</b>	<b>5,842</b>	<b>3,748</b>	<b>3,802</b>	<b>2,419</b>
Taxes	909	623	1,677	1,124	1,140	727
<b>Net income</b>	<b>2,123</b>	<b>1,454</b>	<b>4,165</b>	<b>2,624</b>	<b>2,662</b>	<b>1,692</b>

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Net income attributable to: Stockholders of the Parent Company	2,094	1,319	4,223	2,646	2,579	2,120
Non controlling interests	29	135	58	22	83	428
Other information						
Average number of shares, basic (million)	3,247	3,244	3,241	3,238	3,235	3,233
Earnings per share, basic (SEK) <sup>1)</sup>	0.64	0.41	1.30	0.82	0.80	0.66
Earnings per share, diluted (SEK) <sup>1)</sup>	0.64	0.40	1.29	0.81	0.79	0.65

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

**Table of Contents****CONSOLIDATED STATEMENT****OF CASH FLOWS ISOLATED QUARTERS**

Isolated quarters, SEK million	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
<b>Operating activities</b>						
Net income	2,123	1,454	4,165	2,624	2,662	1,692
Adjustments to reconcile net income to cash						
Taxes	1,360	1,921	475	388	26	1,348
Earnings/dividends in JV and associated companies	49	22	25	10	356	16
Depreciation, amortization and impairment losses	2,579	2,681	2,690	2,481	2,414	2,360
Other	22	944	965	267	404	549
	<b>3,413</b>	<b>3,136</b>	<b>8,270</b>	<b>4,974</b>	<b>5,862</b>	<b>3,237</b>
<b>Changes in operating net assets</b>						
Inventories	383	4,019	1,203	840	1,188	2,099
Customer finance, current and non-current	405	258	174	1,101	341	558
Trade receivables	3,630	2,037	4,661	1,222	892	7,957
Trade payables	1,400	1,668	1,250	1,519	1,644	110
Provisions and post-employment benefits	1,685	166	152	18	225	464
Other operating assets and liabilities, net	5,038	4,962	2,512	1,624	2,806	323
	<b>335</b>	<b>9,036</b>	<b>326</b>	<b>6,324</b>	<b>3,808</b>	<b>6,165</b>
<b>Cash flow from operating activities</b>	<b>3,078</b>	<b>5,900</b>	<b>8,596</b>	<b>1,350</b>	<b>2,054</b>	<b>9,402</b>
<b>Investing activities</b>						
Investments in property, plant and equipment	2,424	2,367	1,553	1,415	1,320	1,034
Sales of property, plant and equipment	1,075	75	56	139	53	274
Acquisitions/divestments of subsidiaries and other operations, net	169	58	1,747	286	1,512	849
Product development	843	294	986	155	185	197
Other investing activities	280	118	1,533	1,302	388	169

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Short term investments	9,678	399	4,066	2,308	7,012	6,790
<b>Cash flow from investing activities</b>	<b>7,037</b>	<b>2,127</b>	<b>1,697</b>	<b>711</b>	<b>3,660</b>	<b>8,765</b>
<b>Cash flow before financing activities</b>	<b>10,115</b>	<b>8,027</b>	<b>6,899</b>	<b>2,061</b>	<b>5,714</b>	<b>637</b>
<b>Financing activities</b>						
Dividends paid	11,035	25	15	3	9,828	
Other financing activities	431	899	371	1,288	2,393	5,069
<b>Cash flow from financing activities</b>	<b>10,604</b>	<b>874</b>	<b>356</b>	<b>1,291</b>	<b>12,221</b>	<b>5,069</b>
Effect of exchange rate changes on cash	1,860	1,476	1,691	2,306	1,499	433
<b>Net change in cash and cash equivalents</b>	<b>2,349</b>	<b>5,677</b>	<b>8,946</b>	<b>1,046</b>	<b>5,008</b>	<b>3,999</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>35,311</b>	<b>40,988</b>	<b>32,042</b>	<b>33,088</b>	<b>38,096</b>	<b>42,095</b>
<b>Cash and cash equivalents, end of period</b>	<b>32,962</b>	<b>35,311</b>	<b>40,988</b>	<b>32,042</b>	<b>33,088</b>	<b>38,096</b>

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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, 2014, and should be read in conjunction with that annual report.

There is no significant difference between IFRS effective as per June 30, 2015 and IFRS as endorsed by the EU.

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**Table of Contents****NET SALES BY SEGMENT BY QUARTER**

Isolated quarters, SEK million	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
Networks	31,163	26,436	34,110	30,030	28,964	24,383
Global Services	26,392	23,901	29,777	24,467	23,059	20,356
<i>Of which</i> <i>Professional</i> <i>Services</i>	20,001	18,131	21,405	17,794	16,554	15,078
<i>Of which</i> <i>Managed</i> <i>Services</i>	8,150	7,501	7,741	7,175	6,485	5,754
<i>Of which</i> <i>Network</i> <i>Rollout</i>	6,391	5,770	8,372	6,673	6,505	5,278
Support Solutions	3,092	3,074	4,009	3,057	2,824	2,765
Modems	24	109	90	89	2	1
<b>Total</b>	<b>60,671</b>	<b>53,520</b>	<b>67,986</b>	<b>57,643</b>	<b>54,849</b>	<b>47,505</b>
	2015			2014		
Sequential change, percent	Q2	Q1	Q4	Q3	Q2	Q1
Networks	18%	22%	14%	4%	19%	30%
Global Services	10%	20%	22%	6%	13%	25%
<i>Of which</i> <i>Professional</i> <i>Services</i>	10%	15%	20%	7%	10%	20%
<i>Of which</i> <i>Managed</i> <i>Services</i>	9%	3%	8%	11%	13%	12%
<i>Of which</i> <i>Network</i> <i>Rollout</i>	11%	31%	25%	3%	23%	37%
Support Solutions	1%	23%	31%	8%	2%	46%
Modems						
<b>Total</b>	<b>13%</b>	<b>21%</b>	<b>18%</b>	<b>5%</b>	<b>15%</b>	<b>29%</b>
	2015			2014		
Year over year change,	Q2	Q1	Q4	Q3	Q2	Q1



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percent

Networks	8%	8%	2%	13%	3%	13%
Global						
Services	14%	17%	10%	2%	7%	5%
<i>Of which</i>						
<i>Professional</i>						
<i>Services</i>	21%	20%	14%	10%	1%	3%
<i>Of which</i>						
<i>Managed</i>						
<i>Services</i>	26%	30%	18%	15%	4%	2%
<i>Of which</i>						
<i>Network</i>						
<i>Rollout</i>	2%	9%	0%	14%	19%	23%
Support						
Solutions	9%	11%	21%	30%	21%	13%
Modems						
<b>Total</b>	<b>11%</b>	<b>13%</b>	<b>1%</b>	<b>9%</b>	<b>1%</b>	<b>9%</b>

2015

2014

Year to date,  
SEK million

	2015		2014		2014	
	Jan	Jun	Jan	Mar	Jan	Jun
Networks	57,599		26,436		117,487	83,377
Global						
Services	50,293		23,901		97,659	67,882
<i>Of which</i>						
<i>Professional</i>						
<i>Services</i>	38,132		18,131		70,831	49,426
<i>Of which</i>						
<i>Managed</i>						
<i>Services</i>	15,651		7,501		27,155	19,414
<i>Of which</i>						
<i>Network</i>						
<i>Rollout</i>	12,161		5,770		26,828	18,456
Support						
Solutions	6,166		3,074		12,655	8,646
Modems	133		109		182	92
<b>Total</b>	<b>114,191</b>		<b>53,520</b>		<b>227,983</b>	<b>159,997</b>

2015

2014

Year to date,  
year over year  
change,  
percent

	2015		2014		2014	
	Jan	Jun	Jan	Mar	Jan	Jun
Networks	8%		8%		1%	5%
Global						
Services	16%		17%		3%	6%
<i>Of which</i>						
<i>Professional</i>						
<i>Services</i>	21%		20%		4%	1%
<i>Of which</i>						
<i>Managed</i>						
<i>Services</i>	28%		30%		3%	3%
<i>Of which</i>						
<i>Network</i>						
<i>Rollout</i>						
Support						
Solutions						
Modems						
<b>Total</b>						

<i>Of which</i>						
<i>Managed</i>						
<i>Services</i>						
<i>Of which</i>						
<i>Network</i>						
<i>Rollout</i>	3%	9%	14%	19%	21%	23%
<i>Support</i>						
<i>Solutions</i>	10%	11%	3%	21%	17%	13%
<i>Modems</i>						
<b>Total</b>	<b>12%</b>	<b>13%</b>	<b>0%</b>	<b>0%</b>	<b>5%</b>	<b>9%</b>

**Table of Contents****OPERATING INCOME****BY SEGMENT BY QUARTER**

Isolated quarters, SEK million	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
Networks	2,435	590	4,319	3,175	3,574	2,476
Global Services	1,640	1,681	1,937	1,607	1,487	1,036
<i>Of which Professional Services</i>	2,403	2,109	2,472	2,059	2,095	1,893
<i>Of which Network Rollout</i>	763	428	535	452	608	857
Support Solutions	240	82	443	108	378	12
Modems	7	0	85	739	456	745
Unallocated <sup>1)</sup>	282	220	312	59	228	149
<b>Total</b>	<b>3,560</b>	<b>2,133</b>	<b>6,302</b>	<b>3,876</b>	<b>3,999</b>	<b>2,630</b>

Year to date, SEK million	2015				2014							
	Jan	Jun	Jan	Mar	Jan	Dec	Jan	Sep	Jan	Jun	Jan	Mar
Networks	3,025		590		13,544		9,225		6,050		2,476	
Global Services	3,321		1,681		6,067		4,130		2,523		1,036	
<i>Of which Professional Services</i>	4,512		2,109		8,519		6,047		3,988		1,893	
<i>Of which Network Rollout</i>	1,191		428		2,452		1,917		1,465		857	
Support Solutions	158		82		31		474		366		12	
Modems	7		0		2,025		1,940		1,201		745	
Unallocated <sup>1)</sup>	502		220		748		436		377		149	
<b>Total</b>	<b>5,693</b>		<b>2,133</b>		<b>16,807</b>		<b>10,505</b>		<b>6,629</b>		<b>2,630</b>	

<sup>1)</sup> Unallocated <sup>1)</sup> 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	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
Networks	8%	2%	13%	11%	12%	10%
Global Services	6%	7%	7%	7%	6%	5%
<i>Of which Professional Services</i>	12%	12%	12%	12%	13%	13%
<i>Of which Network Rollout</i>	12%	7%	6%	7%	9%	16%
Support Solutions	8%	3%	11%	4%	13%	0%
Modems						
<b>Total</b>	<b>6%</b>	<b>4%</b>	<b>9%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>

2015

2014

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As percentage of net sales, year to date	Jan	Jun	Jan	Mar	Jan	Dec	Jan	Sep	Jan	Jun	Jan	Mar
Networks	5%		2%		12%		11%		11%		10%	
Global Services	7%		7%		6%		6%		6%		5%	
<i>Of which Professional Services</i>	12%		12%		12%		12%		13%		13%	
<i>Of which Network Rollout</i>	10%		7%		9%		10%		12%		16%	
Support Solutions	3%		3%		0%		5%		7%		0%	
Modems												
<b>Total</b>	<b>5%</b>		<b>4%</b>		<b>7%</b>		<b>7%</b>		<b>6%</b>		<b>6%</b>	

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**Table of Contents****NET SALES****BY REGION BY QUARTER**

Isolated quarters, SEK million	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
North America	14,578	12,246	13,082	14,033	15,179	12,215
Latin America	5,067	4,574	6,564	5,882	5,414	4,710
Northern Europe & Central Asia <sup>1) 2)</sup>	2,556	2,726	4,069	3,151	2,717	2,436
Western & Central Europe <sup>2)</sup>	5,131	4,741	6,097	4,646	4,582	4,381
Mediterranean <sup>2)</sup>	5,887	4,982	7,513	5,218	5,487	4,785
Middle East	6,515	4,517	6,865	6,039	4,514	3,859
Sub Saharan Africa	2,653	2,158	2,603	2,447	1,886	1,813
India	3,049	3,531	2,362	2,000	1,645	1,695
North East Asia	6,943	6,030	9,225	7,033	6,406	4,908
South East Asia & Oceania	4,897	4,259	4,956	3,794	3,662	3,446
Other <sup>1) 2)</sup>	3,395	3,756	4,650	3,400	3,357	3,257
<b>Total</b>	<b>60,671</b>	<b>53,520</b>	<b>67,986</b>	<b>57,643</b>	<b>54,849</b>	<b>47,505</b>
<sup>1)</sup> Of which in Sweden	598	1,091	1,047	1,090	1,008	999
<sup>2)</sup> Of which in EU	11,453	10,904	14,325	10,736	10,320	9,720

Sequential change, percent	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
North America	19%	6%	7%	8%	24%	11%
Latin America	11%	30%	12%	9%	15%	30%
Northern Europe & Central Asia <sup>1) 2)</sup>	6%	33%	29%	16%	12%	34%
Western & Central Europe <sup>2)</sup>	8%	22%	31%	1%	5%	16%
Mediterranean <sup>2)</sup>	18%	34%	44%	5%	15%	32%
Middle East	44%	34%	14%	34%	17%	35%
Sub Saharan Africa	23%	17%	6%	30%	4%	30%
India	14%	49%	18%	22%	3%	14%
North East Asia	15%	35%	31%	10%	31%	43%
South East Asia & Oceania	15%	14%	31%	4%	6%	20%
Other <sup>1) 2)</sup>	10%	19%	37%	1%	3%	55%
<b>Total</b>	<b>13%</b>	<b>21%</b>	<b>18%</b>	<b>5%</b>	<b>15%</b>	<b>29%</b>
<sup>1)</sup> Of which in Sweden	45%	4%	4%	8%	1%	25%
<sup>2)</sup> Of which in EU	5%	24%	33%	4%	6%	24%

Year over year change, percent	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
North America	4%	0%	5%	3%	1%	23%
Latin America	6%	3%	3%	11%	3%	8%
Northern Europe & Central Asia <sup>1) 2)</sup>	6%	12%	11%	7%	0%	7%
Western & Central Europe <sup>2)</sup>	12%	8%	17%	6%	1%	1%

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Mediterranean <sup>2)</sup>	7%	4%	6%	8%	11%	9%
Middle East	44%	17%	16%	38%	13%	22%
Sub Saharan Africa	41%	19%	1%	9%	29%	15%
India	85%	108%	20%	56%	29%	6%
North East Asia	8%	23%	7%	16%	4%	19%
South East Asia & Oceania	34%	24%	16%	5%	3%	17%
Other <sup>1) 2)</sup>	1%	15%	35%	55%	23%	12%
<b>Total</b>	<b>11%</b>	<b>13%</b>	<b>1%</b>	<b>9%</b>	<b>1%</b>	<b>9%</b>
<sup>1)</sup> Of which in Sweden	41%	9%	21%	37%	21%	2%
<sup>2)</sup> Of which in EU	11%	12%	12%	6%	5%	1%

**Table of Contents****NET SALES****BY REGION BY QUARTER, CONT.**

Year to date, SEK million	2015				2014							
	Jan	Jun	Jan	Mar	Jan	Dec	Jan	Sep	Jan	Jun	Jan	Mar
North America	26,824		12,246		54,509		41,427		27,394		12,215	
Latin America	9,641		4,574		22,570		16,006		10,124		4,710	
Northern Europe & Central Asia <sup>1) 2)</sup>	5,282		2,726		12,373		8,304		5,153		2,436	
Western & Central Europe <sup>2)</sup>	9,872		4,741		19,706		13,609		8,963		4,381	
Mediterranean <sup>2)</sup>	10,869		4,982		23,003		15,490		10,272		4,785	
Middle East	11,032		4,517		21,277		14,412		8,373		3,859	
Sub Saharan Africa	4,811		2,158		8,749		6,146		3,699		1,813	
India	6,580		3,531		7,702		5,340		3,340		1,695	
North East Asia	12,973		6,030		27,572		18,347		11,314		4,908	
South East Asia & Oceania	9,156		4,259		15,858		10,902		7,108		3,446	
Other <sup>1) 2)</sup>	7,151		3,756		14,664		10,014		6,614		3,257	
<b>Total</b>	<b>114,191</b>		<b>53,520</b>		<b>227,983</b>		<b>159,997</b>		<b>102,354</b>		<b>47,505</b>	
<sup>1)</sup> Of which in Sweden	1,689		1,091		4,144		3,097		2,007		999	
<sup>2)</sup> Of which in EU	22,357		10,904		45,101		30,776		20,040		9,720	

Year to date, year over year change, percent	2015				2014							
	Jan	Jun	Jan	Mar	Jan	Dec	Jan	Sep	Jan	Jun	Jan	Mar
North America	2%		0%		8%		9%		12%		23%	
Latin America	5%		3%		3%		5%		2%		8%	
Northern Europe & Central Asia <sup>1) 2)</sup>	3%		12%		6%		5%		3%		7%	
Western & Central Europe <sup>2)</sup>	10%		8%		7%		3%		1%		1%	
Mediterranean <sup>2)</sup>	6%		4%		5%		9%		10%		9%	
Middle East	32%		17%		22%		25%		17%		22%	
Sub Saharan Africa	30%		19%		13%		18%		23%		15%	
India	97%		108%		25%		28%		16%		6%	
North East Asia	15%		23%		1%		2%		11%		19%	
South East Asia & Oceania	29%		24%		0%		5%		10%		17%	
Other <sup>1) 2)</sup>	8%		15%		2%		28%		18%		12%	
<b>Total</b>	<b>12%</b>		<b>13%</b>		<b>0%</b>		<b>0%</b>		<b>5%</b>		<b>9%</b>	
<sup>1)</sup> Of which in Sweden	16%		9%		6%		0%		13%		2%	
<sup>2)</sup> Of which in EU	12%		12%		4%		0%		3%		1%	

**TOP 5 COUNTRIES IN SALES**

Country	Q2		Jan Jun	
	2015	2014	2015	2014
United States	24%	28%	24%	27%

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China	9%	6%	8%	5%
India	5%	3%	6%	3%
United Kingdom	3%	3%	3%	3%
Italy	3%	3%	3%	3%

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**Table of Contents****NET SALES BY REGION BY SEGMENT**

SEK million	Networks	Q2 2015			Total	Jan Jun 2015				Total
		Global	Support	Modems		Global	Support	Modems	Modems	
North America	6,664	7,067	847		14,578	11,815	13,367	1,642		26,824
Latin America	2,254	2,631	182		5,067	4,396	4,846	399		9,641
Northern Europe & Central Asia	1,544	945	67		2,556	3,358	1,783	141		5,282
Western & Central Europe	1,901	3,084	146		5,131	3,540	6,019	313		9,872
Mediterranean	2,403	3,292	192		5,887	4,318	6,212	339		10,869
Middle East	4,047	2,145	323		6,515	6,444	4,082	506		11,032
Sub Saharan Africa	1,241	1,256	156		2,653	1,998	2,420	393		4,811
India	1,828	1,063	158		3,049	3,931	2,167	482		6,580
North East Asia	4,796	1,953	194		6,943	8,757	3,962	254		12,973
South East Asia & Oceania	2,518	2,278	101		4,897	4,933	4,042	181		9,156
Other	1,967	678	726	24	3,395	4,109	1,393	1,516	133	7,151
<b>Total</b>	<b>31,163</b>	<b>26,392</b>	<b>3,092</b>	<b>24</b>	<b>60,671</b>	<b>57,599</b>	<b>50,293</b>	<b>6,166</b>	<b>133</b>	<b>114,191</b>
Share of Total	51%	44%	5%	0%	100%	51%	44%	5%	0%	100%

Sequential change, percent	Networks	Q2 2015			Total
		Global	Support	Modems	
North America	29%	12%	7%		19%
Latin America	5%	19%	16%		11%
Northern Europe & Central Asia	15%	13%	9%		6%
Western & Central Europe	16%	5%	13%		8%
Mediterranean	25%	13%	31%		18%
Middle East	69%	11%	77%		44%
	64%	8%	34%		23%

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Sub Saharan Africa				
India	13%	4%	51%	14%
North East Asia	21%	3%	223%	15%
South East Asia & Oceania	4%	29%	26%	15%
Other	8%	5%	8%	10%
<b>Total</b>	<b>18%</b>	<b>10%</b>	<b>1%</b>	<b>13%</b>

Q2 2015

Year over year change, percent	Networks	Global Services	Support Solutions Modems	Total
North America	14%	11%	23%	4%
Latin America	14%	0%	17%	6%
Northern Europe & Central Asia	12%	3%	37%	6%
Western & Central Europe	4%	19%	9%	12%
Mediterranean	2%	15%	8%	7%
Middle East	59%	21%	64%	44%
Sub Saharan Africa	45%	32%	114%	41%
India	106%	50%	229%	85%
North East Asia	11%	3%	120%	8%
South East Asia & Oceania	39%	32%	19%	34%
Other	10%	32%	12%	1%
<b>Total</b>	<b>8%</b>	<b>14%</b>	<b>9%</b>	<b>11%</b>

Jan Jun 2015

Year over year change, percent	Networks	Global Services	Support Solutions Modems	Total
North America	17%	17%	6%	2%
Latin America	13%	4%	2%	5%
Northern Europe & Central Asia	7%	7%	31%	3%
Western & Central Europe	2%	19%	8%	10%

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Mediterranean	3%	14%	8%	6%
Middle East	48%	12%	35%	32%
Sub Saharan				
Africa	26%	36%	19%	30%
India	121%	54%	209%	97%
North East				
Asia	24%	2%	26%	15%
South East				
Asia &				
Oceania	34%	26%	16%	29%
Other	6%	72%	7%	8%
<b>Total</b>	<b>8%</b>	<b>16%</b>	<b>10%</b>	<b>12%</b>

**Table of Contents****PROVISIONS**

Isolated quarters, SEK million	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
<b>Opening balance</b>	<b>4,056</b>	<b>4,427</b>	<b>4,567</b>	<b>4,579</b>	<b>4,928</b>	<b>5,362</b>
Additions	2,777	915	996	675	430	625
Utilization/Cash out	1,217	1,204	794	648	642	977
<i>Of which restructuring</i>	472	437	213	231	246	512
Reversal of excess amounts	161	236	420	132	298	88
Reclassification, translation difference and other	101	154	78	93	161	6
<b>Closing balance</b>	<b>5,354</b>	<b>4,056</b>	<b>4,427</b>	<b>4,567</b>	<b>4,579</b>	<b>4,928</b>

Year to date, SEK million	2015				2014							
	Jan	Jun	Jan	Mar	Jan	Dec	Jan	Sep	Jan	Jun	Jan	Mar
<b>Opening balance</b>	<b>4,427</b>		<b>4,427</b>		<b>5,362</b>		<b>5,362</b>		<b>5,362</b>		<b>5,362</b>	
Additions	3,692		915		2,726		1,730		1,055		625	
Utilization/Cash out	2,421		1,204		3,061		2,267		1,619		977	
<i>Of which restructuring</i>	909		437		1,202		989		758		512	
Reversal of excess amounts	397		236		938		518		386		88	
Reclassification, translation difference and other	53		154		338		260		167		6	
<b>Closing balance</b>	<b>5,354</b>		<b>4,056</b>		<b>4,427</b>		<b>4,567</b>		<b>4,579</b>		<b>4,928</b>	

**INFORMATION ON INVESTMENTS**

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

Isolated quarters, SEK million	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
<b>Additions</b>						
Property, plant and equipment	2,424	2,367	1,553	1,415	1,320	1,034
Capitalized development expenses	843	294	986	155	185	197
IPR, brands and other intangible assets	26	11	1,014	935	621	77
<b>Total</b>	<b>3,293</b>	<b>2,672</b>	<b>3,553</b>	<b>2,505</b>	<b>2,126</b>	<b>1,308</b>
<b>Depreciation, amortization and impairment losses</b>						
Property, plant and equipment	1,152	1,214	1,187	1,078	1,048	1,004
Capitalized development expenses	333	342	342	311	315	333
IPR, brands and other intangible assets, etc.	1,094	1,125	1,161	1,092	1,051	1,023
<b>Total</b>	<b>2,579</b>	<b>2,681</b>	<b>2,690</b>	<b>2,481</b>	<b>2,414</b>	<b>2,360</b>



**Table of Contents****RECONCILIATION TABLE, NON-IFRS****MEASUREMENTS CASH CONVERSION**

Isolated quarters, SEK million	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
Net income	2,123	1,454	4,165	2,624	2,662	1,692
Net income reconciled to cash	3,413	3,136	8,270	4,974	5,862	3,237
Cash flow from operating activities	3,078	5,900	8,596	1,350	2,054	9,402
Cash conversion	90.2%	188.1%	103.9%	27.1%	35.0%	290.5%

**NET CASH END OF PERIOD**

SEK million	Jun 30	Mar 31	Dec 31
	2015	2015	2014
Cash and cash equivalents	32,962	35,311	40,988
+ Short term investments	20,807	30,776	31,171
Borrowings, non-current	22,551	23,496	21,864
Borrowings, current	3,199	2,847	2,281
Post employment benefits	24,530	24,163	20,385
Net cash, end of period	3,489	15,581	27,629

**Table of Contents****OTHER INFORMATION**

SEK million	Apr 2015	Jun 2014	Jan 2015	Jun 2014	Jan 2014	Dec 2014
<b>Number of shares and earnings per share</b>						
Number of shares, end of period (million)	3,305	3,305	3,305	3,305	3,305	3,305
Of which class A shares (million)	262	262	262	262	262	262
Of which class B shares (million)	3,043	3,043	3,043	3,043	3,043	3,043
Number of treasury shares, end of period (million)	57	69	57	69		63
Number of shares outstanding, basic, end of period (million)	3,248	3,236	3,248	3,236		3,242
Numbers of shares outstanding, diluted, end of period (million)	3,281	3,268	3,281	3,268		3,275
Average number of treasury shares (million)	58	70	59	71		68
Average number of shares outstanding, basic (million)	3,247	3,235	3,246	3,234		3,237
Average number of shares outstanding, diluted (million) <sup>1)</sup>	3,280	3,268	3,278	3,266		3,270
Earnings per share, basic (SEK)	0.64	0.80	1.05	1.45		3.57
Earnings per share, diluted (SEK) <sup>1)</sup>	0.64	0.79	1.04	1.44		3.54
<b>Ratios</b>						
Days sales outstanding			112	113		105
Inventory turnover days	74	68	74	70		64
Payable days	52	57	57	61		56
Equity ratio (%)			49.0%	52.0%		49.5%
Capital turnover (times)	1.3	1.2	1.2	1.2		1.2
Cash conversion (%) <sup>2)</sup>	90.2%	35.0%	43.1%	125.9%		83.7%
<b>Exchange rates used in the consolidation <sup>3)</sup></b>						
SEK/EUR closing rate			9.22	9.18		9.47
SEK/USD closing rate			8.24	6.72		7.79
<b>Other</b>						
Regional inventory, end of period	18,778	17,339	18,778	17,339		17,142
Export sales from Sweden	29,813	28,157	55,964	52,235		113,734

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

<sup>2)</sup> Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 28.

<sup>3)</sup> Translation method changed from 2015. Monthly rates used to translate transactions are available on [www.ericsson.com/thecompany/investors](http://www.ericsson.com/thecompany/investors)

**NUMBER OF EMPLOYEES**

End of period	2015			2014		
	Jun 30	Mar 31	Dec 31	Sep 31	Jun 30	Mar 31
North America	14,975	15,156	15,516	15,554	15,306	14,902
Latin America	10,823	10,970	11,066	10,901	11,179	9,731
Northern Europe & Central Asia <sup>1)</sup>	21,441	21,556	21,633	21,691	21,476	21,484
Western & Central Europe	12,400	12,575	12,617	12,606	12,624	11,455
Mediterranean	12,925	13,363	13,387	13,306	12,475	12,253
Middle East	3,717	3,813	3,858	3,831	3,736	3,749
Sub Saharan Africa	2,389	2,442	2,406	2,288	2,284	2,094
India	21,353	21,215	19,971	19,413	18,495	17,991
North East Asia	13,104	13,488	13,464	13,653	13,448	13,490
South East Asia & Oceania	4,056	4,128	4,137	4,265	4,359	4,234
<b>Total</b>	<b>117,183</b>	<b>118,706</b>	<b>118,055</b>	<b>117,508</b>	<b>115,382</b>	<b>111,383</b>
<i><sup>1)</sup> Of which in Sweden</i>	<i>17,560</i>	<i>17,569</i>	<i>17,580</i>	<i>17,655</i>	<i>17,497</i>	<i>17,545</i>



**Table of Contents****RESTRUCTURING CHARGES BY FUNCTION**

Isolated quarters, SEK million	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
Cost of sales	1,157	484	663	168	116	82
Research and development expenses	1,118	51	113	92	80	19
Selling and administrative expenses	469	79	28	19	47	29
<b>Total</b>	<b>2,744</b>	<b>614</b>	<b>804</b>	<b>279</b>	<b>243</b>	<b>130</b>

Year to date, SEK million	2015				2014							
	Jan	Jun	Jan	Mar	Jan	Dec	Jan	Sep	Jan	Jun	Jan	Mar
Cost of sales	1,641		484		1,029		366		198		82	
Research and development expenses	1,169		51		304		191		99		19	
Selling and administrative expenses	548		79		123		95		76		29	
<b>Total</b>	<b>3,358</b>		<b>614</b>		<b>1,456</b>		<b>652</b>		<b>373</b>		<b>130</b>	

**RESTRUCTURING CHARGES BY SEGMENT**

Isolated quarters, SEK million	2015			2014		
	Q2	Q1	Q4	Q3	Q2	Q1
Networks	1,842	173	142	80	128	93
Global Services	691	419	600	122	81	32
<i>Of which Professional Services</i>	175	140	435	85	63	25
<i>Of which Network Rollout</i>	516	279	165	37	18	7
Support Solutions	194	19	30	77	34	5
Modems	12	3	32			
Unallocated	5					
<b>Total</b>	<b>2,744</b>	<b>614</b>	<b>804</b>	<b>279</b>	<b>243</b>	<b>130</b>

Year to date, SEK million	2015				2014							
	Jan	Jun	Jan	Mar	Jan	Dec	Jan	Sep	Jan	Jun	Jan	Mar
Networks	2,015		174		443		301		221		93	
Global Services	1,110		419		835		235		113		32	
<i>Of which Professional Services</i>	315		140		608		173		88		25	
<i>Of which Network Rollout</i>	795		279		227		62		25		7	
Support Solutions	213		19		146		116		39		5	
Modems	15		3		32							
Unallocated	5											
<b>Total</b>	<b>3,358</b>		<b>614</b>		<b>1,456</b>		<b>652</b>		<b>373</b>		<b>130</b>	