

ERICSSON LM TELEPHONE CO

Form 6-K

October 25, 2013

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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**

**October 25, 2013**

**LM ERICSSON TELEPHONE COMPANY**

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

**Torshamnsgatan 23, 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 whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes       No

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENT ON FORM F-3 (NO. 333-180880) OF TELEFONAKTIEBOLAGET LM ERICSSON (PUBL.) AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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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: **October 25, 2013**

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**ERICSSON**

**THIRD QUARTER**

**REPORT 2013**

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This report on Form 6-K shall be deemed to be incorporated by reference in the registration statement on Form F-3 (No.333-180880) of Telefonaktiebolaget LM Ericsson (publ.) and to be part thereof from the date on which this report is furnished, to the extent not superseded by documents or reports subsequently filed or furnished

Ericsson third quarter report 2013, adjusted for registration statement on form F-3 (No.333-180880)

**OCTOBER 24, 2013**

**THIRD QUARTER HIGHLIGHTS**

Sales amounted to SEK 53.0 b, down -3% YoY.

Operating income incl. JV was SEK 4.2 (3.1) b. with an operating margin of 8.0% (5.7%).

Net income was SEK 3.0 (2.2) b.

EPS diluted was SEK 0.90 (0.67).

Cash flow from operating activities was SEK 1.5 (7.0) b.

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	<b>Q3</b>	<b>Q3</b>	<b>YoY</b>	<b>Q2</b>	<b>QoQ</b>	<b>9 months</b>	<b>9 months</b>
<b>SEK b.</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>2013</b>	<b>Change</b>	<b>2013</b>	<b>2012<sup>2)</sup></b>
Net sales	<b>53.0</b>	54.6	-3%	55.3	-4%	<b>160.3</b>	160.8
<i>Of which Networks</i>	<b>26.7</b>	26.9	-1%	28.1	-5%	<b>82.9</b>	82.0
<i>Of which Global Services</i>	<b>24.0</b>	24.3	-1%	24.9	-4%	<b>70.3</b>	69.0
<i>Of which Support Solutions</i>	<b>2.4</b>	3.3	-29%	2.3	1%	<b>7.1</b>	9.8

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Gross margin	<b>32.0%</b>	30.4%		32.4%		<b>32.1%</b>	31.9%
Operating income excl JV	<b>4.3</b>	3.7	17%	2.5	71%	<b>8.9</b>	17.4
Operating margin excl JV	<b>8.1%</b>	6.7%		4.5%		<b>5.6%</b>	10.8%
<i>Networks</i>	<b>10%</b>	5%		5%		<b>7%</b>	5%
<i>Global Services</i>	<b>8%</b>	8%		6%		<b>6%</b>	6%
<i>Support Solutions</i>	<b>-5%</b>	14%		-12%		<b>-6%</b>	9%
Operating income incl JV	<b>4.2</b>	3.1	36%	2.5	71%	<b>8.8</b>	14.3
Operating margin incl JV	<b>8.0%</b>	5.7%		4.5%		<b>5.5%</b>	8.9%
Net income	<b>3.0</b>	2.2	38%	1.5	99%	<b>5.7</b>	12.2
EPS diluted, SEK	<b>0.90</b>	0.67	34%	0.45	100%	<b>1.72</b>	3.77
Cash flow from operating activities	<b>1.5</b>	7.0	-79%	4.3	-66%	<b>2.8</b>	6.3
Net cash, end of period	<b>24.7</b>	29.0	-15%	27.4	-10%	<b>24.7</b>	29.0

- 1) EPS, diluted, excl. restructuring, amortizations and write-downs of acquired intangible assets
- 2) Including gain from divestment of Sony Ericsson of SEK 7.7 b
- \* Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 14

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**Comments from Hans Vestberg, President and CEO**

Reported sales were slightly down YoY, primarily due to continued currency headwind, said Hans Vestberg, President and CEO of Ericsson (NASDAQ:ERIC).

We are currently seeing sales coming under some pressure. In addition to FX, the major drivers for this development are the two large mobile broadband coverage projects, which peaked in North America in the first half of 2013. We also saw impact from reduced activity in Japan where we are getting closer to completion of a major project.

The 4G/LTE tenders in China continue and so far two of the major operators have made their choices. Despite having insignificant market share for 3G, Ericsson has been named technology partner for both these operators and we will now build on this initial footprint.

The pace is picking up in the European market with continued WCDMA/LTE investments and a major investment announcement by one of the large operators. Ericsson now sees growth in several European markets and margins are also improving as the network modernization projects gradually come to an end and we engage more in new capacity and LTE business.

The momentum for Professional Services continued with stable earnings and 59 signed managed services contracts year to date. As a result of our continuous work to implement global processes, methods and tools to increase efficiency, Global Services margins improved during the quarter.

Profitability for the group continued to improve YoY, partly offset by currency headwind. The improvement was driven by higher gross margin due to less dilutive impact from European network modernization and somewhat improved business mix.

During the quarter Ericsson has continued to strengthen its market leadership. In September we launched a small-cell product, the Ericsson Radio Dot System, for indoor coverage. The new product opens up new revenue opportunities for operators and initial customer response has been very positive. In addition, we closed the acquisition of Mediaroom which places Ericsson as the world's largest IPTV player, by market share.

The macroeconomic climate has stabilized in many OECD markets. However, uncertainty still remains in certain parts of the world. The long-term fundamentals in the industry remain attractive and we are well positioned to continue to support our customers in a transforming ICT market, concludes Vestberg.

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**Financial highlights Third quarter**

**INCOME STATEMENT**

Reported sales decreased YoY, mainly driven by lower sales in North East Asia and India. Segments Networks and Global Services showed slightly lower reported sales YoY, while Support Solutions saw a more significant decline in volumes. CDMA sales in North America, as well as GSM sales in China, continued to decline.

Reported sales declined QoQ, mainly due to lower project activity in North America and North East Asia. Segments Networks and Global Services showed a decline in reported sales QoQ, while Support Solutions increased slightly.

Restructuring charges for Ericsson amounted to SEK

0.7 (0.6) b.

Gross margin increased YoY to 32.0% (30.4%), supported by lower share of network modernization projects in Europe and somewhat improved business mix. The gross margin declined slightly QoQ. The share of services sales was unchanged YoY and QoQ at 45%.

Total operating expenses increased slightly YoY by SEK 0.2 b. to SEK 13.5 (13.3) b. Excluding restructuring charges, operating expenses year-to-date were down -3% YoY. R&D expenses amounted to SEK 7.7 (7.5) b. and selling, general and administrative expenses (SG&A) amounted to SEK 5.8 (5.8) b.



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Other operating income and expenses amounted to SEK 0.8 (0.3) b. due to a positive re-evaluation effect of SEK 0.8 b for new hedges taken in 2013. For these new hedges we do not apply hedge accounting (see Accounting Policies). The main part of this positive re-evaluation effect derives from our hedge contract balance in USD, which has increased in value as the SEK has strengthened towards USD between June 30 and September 30, 2013. Ericsson's USD closing rate on September 30, 2013, was SEK 6.42 (6.73 on June 30). In Q213 we had a negative re-evaluation effect for new hedges of SEK -0.2 b.

Ericsson's share in ST-Ericsson's income before tax was SEK 0.0 (-0.6) b.

Operating income, including JV, increased to SEK 4.2 (3.1) b. Operating margin, including JV, was 8.0% (5.7%).

Operating income and operating margin were positively impacted by improved gross margin and no negative effects from ST-Ericsson. Currency had an overall negative impact on operating margin YoY, despite positive re-evaluation effect of new hedges.

Financial net amounted to SEK 0.1 (0.1) b. and improved QoQ from SEK -0.3 b. due to positive currency exchange re-evaluation effects on financial investments and liabilities. Tax costs were SEK -1.3 (-1.0) b.

Net income increased to SEK 3.0 (2.2) b.

EPS diluted was SEK 0.90 (0.67).

**BALANCE SHEET AND OTHER PERFORMANCE INDICATORS    THIRD QUARTER**

All comparisons relating to balance sheet items are QoQ.

Trade receivables increased to SEK 64.9 (63.1) b. Inventory decreased to SEK 28.1 (29.7) b. Trade payables decreased to 19.2 (20.8) b.

Cash, cash equivalents and short-term investments amounted to SEK 60.7 (64.8) b. The \*net cash position decreased by SEK -2.7 b. to SEK 24.7 (27.4) b., primarily due to increased working capital and acquisitions.

During the quarter, approximately SEK 1.5 b. of provisions were utilized, of which SEK 0.5 b. were related to restructuring. Additions of SEK 0.7 b. were made, of which SEK 0.2 b. related to restructuring.

Reversals of SEK 0.2 b. were made. Cash outlays of SEK 1.4 b. remain to be made from the restructuring provision.

Cash flow from operating activities was SEK 1.5 b. Cash conversion year-to-date is 29%.

The total number of employees increased QoQ to 113,989 (111,805) primarily due to transfer of former ST-Ericsson employees to Ericsson and the closing of the Mediaroom acquisition.

\* Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 14.

**Table of Contents****Segment results****NETWORKS**

<b>SEK b.</b>	<b>Q3 2013</b>	<b>Q3 2012</b>	<b>YoY Change</b>	<b>Q2 2013</b>	<b>QoQ Change</b>	<b>9 months 2013</b>	<b>9 months 2012</b>
Network sales	<b>26.7</b>	26.9	-1%	28.1	-5%	<b>82.9</b>	82.0
Operating income	<b>2.6</b>	1.3	91%	1.3	92%	<b>5.5</b>	4.2
Operating margin	<b>10%</b>	5%		5%		<b>7%</b>	5%

Sales were driven by mobile broadband business in Europe and Latin America. Growth was partly offset by slightly lower sales in North America where two large mobile broadband coverage projects peaked in first half of 2013. In North East Asia GSM investments continued to decline in China, while the market transitions to 4G. Japan continued to be negatively impacted by currency as well as reduced activity as we are getting closer to completion of a major project. Networks sales were down QoQ.

CDMA-related sales amounted to SEK 0.9 b. and declined by -42% YoY and was flat QoQ. Sales related to circuit-switched core continued to decline.

The interest for our Smart Services Router (SSR 8000) continues and in the quarter we signed 12 new contracts, of which four were for fixed networks.

The launch of the innovative indoor wireless solution – the Ericsson Radio Dot System – marks the latest step in Ericsson’s network strategy. It is ultra-small but can scale to literally unlimited capacity, it is easy to install and 100% integrated with existing mobile networks. Since the launch Ericsson is engaging with nearly every tier-one operator worldwide. The new product will be commercially available second half 2014.

Operators in most markets now have LTE plans in place. In parallel, demand for HSPA is showing growth in seven out of our 10 regions.

Operating income increased YoY due to less dilutive effects from the network modernization projects in Europe, improved commercial excellence, optimization of the portfolio as well as continued operational efficiency gains. Operating income increased QoQ. Currency had an overall negative impact on operating margin YoY, despite a positive unrealized hedge effect. Restructuring charges amounted to SEK 0.3 (0.1) b. in the quarter.

**Table of Contents****GLOBAL SERVICES**

<b>SEK b.</b>	<b>Q3 2013</b>	<b>Q3 2012</b>	<b>YoY Change</b>	<b>Q2 2013</b>	<b>QoQ Change</b>	<b>9 months 2013</b>	<b>9 months 2012</b>
Global Services sales	<b>24.0</b>	24.3	-1%	24.9	-4%	<b>70.3</b>	69.0
<i>Of which Professional Services</i>	<b>16.2</b>	16.4	-1%	16.8	-3%	<b>47.6</b>	48.2
<i>Of which Managed Services</i>	<b>6.3</b>	6.3	-1%	6.8	-7%	<b>18.9</b>	18.5
<i>Of which Network Rollout</i>	<b>7.7</b>	7.9	-2%	8.1	-4%	<b>22.6</b>	20.8
Operating income	<b>1.8</b>	1.8	-1%	1.6	16%	<b>4.1</b>	4.5
<i>Of which Professional Services</i>	<b>2.3</b>	2.3	-1%	2.3	0%	<b>6.4</b>	6.3
<i>Of which Network Rollout</i>	<b>-0.5</b>	-0.5	-3%	-0.7	35%	<b>-2.3</b>	-1.9
Operating margin	<b>8%</b>	8%		6%		<b>6%</b>	6%
<i>Professional Services</i>	<b>14%</b>	14%		14%		<b>13%</b>	13%
<i>Network Rollout</i>	<b>-6%</b>	-6%		-9%		<b>-10%</b>	-9%

Sales were driven by high activity in North America. Both Professional Services and Network Rollout grew adjusted for FX, however with a slower growth in Network Rollout compared to first half 2013.

The momentum in Professional Services continued with 59 managed services contracts signed YTD of which 19 in the quarter. The industry trend is that operators shift focus from technology-driven managed services to more customer-centric. We see an increasing demand for managed services in the IT area as well as in the emerging Broadcast Services business.

Global Services operating margin improved QoQ with reduced losses in Network Rollout partly as an effect of a more favorable project mix, with a reduced impact of the network modernization projects in Europe. Professional Services margin was stable at 14%.

Restructuring charges amounted to SEK 0.4 (0.4) b. in the quarter.

We have closed two acquisitions in the Consulting and System Integration area in the quarter: TeleOss acquisition in Thailand and the TelcoCell acquisition in Canada, adding OSS and BSS capabilities.

<b>Other information</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>	<b>Full year 2012</b>
Number of signed Managed Services contracts	<b>19</b>	19	21	52
<i>Of which expansions/extensions</i>	8	5	8	19

Number of signed significant consulting & systems integration contracts <sup>1)</sup>	<b>6</b>	8	8	24
Number of subscribers in networks managed by Ericsson, end of period <sup>2)</sup>	<b>1 b.</b>	1 b.	~ 950 m.	~ 950 m.
<i>Of which in network operations contracts</i>	<i>600 m.</i>	<i>600 m.</i>	<i>550 m.</i>	<i>550 m.</i>
Number of Ericsson services professionals, end of period	<b>64,000</b>	64,000	61,000	60,000

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

2) The figure includes network operations contracts and field operation contracts.

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<b>SEK b.</b>	<b>Q3 2013</b>	<b>Q3 2012</b>	<b>YoY Change</b>	<b>Q2 2013</b>	<b>QoQ Change</b>	<b>9 months 2013</b>	<b>9 months 2012</b>
Support Solutions sales	<b>2.4</b>	3.3	-29%	2.3	1%	<b>7.1</b>	9.8
Operating income	<b>-0.1</b>	0.5		-0.3	60%	<b>-0.4</b>	0.9
Operating margin	<b>-5%</b>	14%		-12%		<b>-6%</b>	9%

The YoY decline in sales was primarily driven by divestments as well as portfolio changes and somewhat lower sales of compression technology. OSS sales continued to grow both YoY and QoQ.

IPX sales amounted to SEK 0.4 b. in Q312.

We see an increasing interest from customers to partner with selected vendors that can address a larger part of the OSS and BSS domain, as growth in mobile broadband increases the need for improved consumer experience. Ericsson is well positioned to take on such a responsibility with our OSS and BSS software portfolio.

Pay TV service providers continue to grow as the primary source of premium TV content provided to consumers. Consumers increasingly want their TV service on all devices, and flexibility of access to content packages and bundles. This is part of what drives the sharp increase in video traffic in the networks. As a consequence, service providers and network owners require solutions to make networks video centric and efficient for video delivery.

During the quarter we closed the acquisition of Microsoft's TV solution business Mediaroom, further strengthening our position in the growing media management market and adding to Ericsson sales from Q413.

Operating margin was negatively impacted by lower sales YoY.

The number of subscriptions served by Ericsson's charging and billing solutions was 2 billion at end of the period.

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**ST-ERICSSON/MODEMS**

On August 5, 2013 Ericsson and STMicroelectronics announced the closing of the transaction for the split up of ST-Ericsson. This follows the announcement the companies made on March 18, 2013 on the chosen strategic option for the future of the joint venture. Effective August 2, 2013 Ericsson has taken on the design, development and sales of the LTE multimode thin modem solutions, including 2G, 3G and 4G interoperability. In total, approximately 1,800 employees and contractors have joined Ericsson.

The LTE multimode thin modems are an important part for Ericsson vision of 50 billion connected devices in the Networked Society. The market potential is there and Ericsson will now focus on bringing the best modems to the market and work closely with customers to integrate them into their products. Ericsson now has a highly focused thin-modem operation with industry-leading technology and intellectual property. The LTE multimode thin-modems are targeted for smartphones and tablets as well as other connected devices.

In Q412, Ericsson made a provision of SEK 3.3 b., which provides for Ericsson's share of obligations for the wind-down of ST-Ericsson. With current plans and visibility the provision is expected to cover the cost for the complete wind-down of ST-Ericsson and integration of the LTE multimode thin modems operations into Ericsson.

Ericsson's share in ST-Ericsson's income before tax was SEK 0.0 (-0.6) b. From October 1, 2013, the multimode thin modem business has been consolidated into Ericsson and the operation will continue to be reported as a separate segment. Our current best estimate is that the Modem segment will generate operating losses of approximately SEK -0.5 b. in Q413, primarily related to R&D expenses.

**Table of Contents****Regional sales overview****REGIONAL SALES**

SEK b.	Third quarter 2013				Change	
	Global Networks	Support Services	Solutions	Total	YoY	QoQ
North America	6.6	7.3	0.6	<b>14.5</b>	3%	-6%
Latin America	2.8	2.3	0.2	<b>5.3</b>	-2%	-5%
Northern Europe and Central Asia	2.0	0.9	0.1	<b>2.9</b>	9%	9%
Western and Central Europe	1.7	2.5	0.1	<b>4.4</b>	21%	-3%
Mediterranean	2.6	3.0	0.1	<b>5.7</b>	5%	-8%
Middle East	2.3	1.8	0.3	<b>4.4</b>	21%	10%
Sub-Saharan Africa	1.4	1.1	0.2	<b>2.7</b>	-4%	2%
India	0.6	0.7	0.0	<b>1.3</b>	-26%	0%
North East Asia	3.5	2.5	0.1	<b>6.1</b>	-28%	-9%
South East Asia and Oceania	1.9	1.6	0.1	<b>3.6</b>	3%	-4%
Other <sup>1)</sup>	1.4	0.4	0.5	<b>2.2</b>	-34%	-19%
<b>Total</b>	<b>26.7</b>	<b>24.0</b>	<b>2.4</b>	<b>53.0</b>	<b>-3%</b>	<b>-4%</b>

<sup>1)</sup> Region Other includes licensing revenues, sales of telecom cables, broadcast services, power modules and other businesses.

The acquired Technicolor Broadcast Service Division is reported in region Other. Multimedia brokering (IPX) was part of region Other and divested end Q312. The power cable business was divested in Q313.

**North America**

Sales for Networks continued to decline QoQ as a result of the two large mobile broadband coverage projects which peaked in first half of 2013. Smartphone penetration, increased mobile broadband consumption and 4G device lineup remain drivers for network expansion. Network evolution and professional services remain a growth theme in North America while CDMA sales continue to decline.

**Latin America**

3G network quality and initial LTE rollouts continued to dominate operator investments. Macroeconomic development in Brazil and Mexico slowed down and currency impacted business negatively.

**Northern Europe and Central Asia**

Sales grew both YoY and QoQ. In Russia, there is slow recovery based on 3G investments, but also deployments of LTE. Operators showed an increased interest in OSS and BSS solutions. Managed Services business continued to



show good development.

### **Western and Central Europe**

Sales grew YoY driven by network modernization in certain markets. Capacity discussions have been initiated with operators who recently have modernized their networks.

### **Mediterranean**

YoY growth was driven by continued 3G rollout in Northwest Africa and modernization projects in France. YoY sales were negatively impacted by lower investments in Italy.

### **Middle East**

Sales grew both YoY and QoQ. LTE is being deployed in the region but still represents a small share of Network sales. There is continued demand for Professional Services, both System Integration and Managed Services, as operators seek network performance quality and operational efficiencies. Political unrest prevails in several countries and is still impacting sales.

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### **Sub-Saharan Africa**

Sales declined YoY despite continued growth in services mainly fuelled by Managed Services. Operators continue to build out capacity on 2G and 3G networks to improve quality of service. Initial LTE deployments are on-going but are still a small share of sales.

### **India**

Sales declined YoY as investments continue to be slow, in spite of signs of improvements in the regulatory environment. Services sales grew, mainly driven by managed services business.

### **North East Asia**

Sales declined YoY. Japan continued to be negatively impacted by currency and reduced activity as we are getting closer to completion of a major project. GSM investments in China continued to structurally decline. The spectrum auction in South Korea was concluded but business activity remained low during the quarter.

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

Sales in the region grew slightly YoY. Lower business activities in Indonesia in the quarter were offset by projects in Thailand. The business in several countries started to be impacted by currency depreciations towards the end of the quarter.

### **Other**

IPX was divested at the end of Q312 impacting Support Solutions sales YoY comparison. Licence revenue showed a slight decline in the quarter but are progressing well on a YTD basis. Sales of broadcast services, telecom cables, power modules and other businesses are also included in Other . Power cables were divested in the beginning of Q313.

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**Parent company information**

Income after financial items was SEK 4.2 (10.5) b. The Parent Company's financial position had the following major changes during the year; decreased cash, cash equivalents and short-term investments of SEK 14.1 b. and decreased current and non-current receivables from subsidiaries of SEK 6.1 b. At the end of the quarter, cash, cash equivalents and short-term investments amounted to SEK 43.4 (57.4) b.

In accordance with the conditions of the long-term variable remuneration program (LTV) for Ericsson employees, 2,800,951 shares from treasury stock were sold or distributed to employees during the third quarter. The holding of treasury stock on September 30, 2013, was 76,943,129 Class B shares.

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### **Other information**

#### **Samsung litigation**

On November 27, 2012, Ericsson filed two patent infringement lawsuits in the US District Court for the Eastern District of Texas against Samsung. Ericsson seeks damages and an injunction. Ericsson also asked the Court to adjudge that Samsung breached its commitment to license any standard-essential patents it owns on fair, reasonable, and non-discriminatory terms and to declare Samsung's allegedly standard essential patents to be unenforceable. On March 18, 2013, Samsung filed its answers and counterclaims in the Ericsson suits (above) in Texas, USA.

No trials are scheduled in the district court litigation until late 2015.

On November 30, 2012, Ericsson filed a complaint with the US International Trade Commission (ITC) seeking an exclusion order blocking Samsung from importing certain products into the US. On December 21, 2012, Samsung filed a complaint with the ITC seeking an exclusion order blocking Ericsson from import of certain products into the US.

#### **Ericsson closes acquisition of Microsoft Mediaroom**

On September 5, 2013 Ericsson completed the acquisition of Microsoft's TV solution business Mediaroom.

Ericsson announced on April 8, 2013 that it had reached an agreement with Microsoft to acquire its TV solution business Mediaroom. With the acquisition, Ericsson is now a leading provider of IPTV and multiscreen solutions with a market share of around 25%. The former Mediaroom business unit, including approximately 400 employees, is now integrated into Business Unit Support Solutions and is called Ericsson Mediaroom.

#### **Ericsson acquires Airvana's EVDO business**

Ericsson announced on September 6, 2013 that it has acquired Airvana Network Solutions' EVDO business. Airvana Network Solutions is a Massachusetts-based company and supplier of EVDO software to Ericsson.

The lawsuit filed by Airvana in February 2012, against Ericsson in the Supreme Court of the State of New York, USA, has been dismissed.

#### **Acquisition of Red Bee Media**

Ericsson announced on July 1, 2013 its intention to acquire Red Bee Media from an entity controlled by Macquarie Advanced Investment Partners, L.P. The acquisition supports Ericsson's strategy to grow in the broadcast services market. It will bring 1,500 employees, as well as media services and operations facilities in the UK, France, Germany, Spain and Australia.

On September 30, 2013 The Office of Fair Trading (OFT) in the UK decided to refer Ericsson's acquisition of Red Bee Media to the Competition Commission. Ericsson will be working to address the OFT's concerns before the Competition Commission in order to progress with the acquisition of Red Bee Media.

#### **Head of Business Unit Support Solutions based in Silicon Valley, USA**

On July 18, 2013 Ericsson announced that Head of Business Unit Support Solutions, and member of the company's Executive Leadership Team, Per Borgklint, will be based in Silicon Valley.

**Disclosure pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRA)**

During the third quarter of 2013, 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 175 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 net profit from such sales, after internal cost allocation, during the third quarter of 2013 would be substantially lower than such gross revenues.

During the third quarter of 2013, Ericsson's Iranian subsidiary opened a new account in Tejarat Bank to allow collection of interest income earned from Tejarat Bank prior to the closing of the subsidiary's accounts with that bank in 2012. As soon as the interest income has been deposited on the new account, Ericsson's Iranian subsidiary plans to close the account.

**POST-CLOSING EVENTS**

**On new positions**

Effective October 1, 2013, a new unit called Group Function (GF) Business Excellence & Common Functions was formed. Effective the same date, Anders Thulin was appointed Head of GF Business Excellence & Common Functions and Chief Information Officer (CIO), reporting to President and CEO, Hans Vestberg, and a member of the Executive Leadership Team.

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### Assessment of risk environment

Ericsson's operational and financial risk factors and uncertainties along with our strategies and tactics to mitigate risk exposures or limit unfavorable outcomes are described in our Annual Report 2012. Compared to the risks described in the Annual Report 2012, no material, new or changed risk factors or uncertainties have been identified in the quarter.

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;

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

Effects on gross margins and/or working capital of the product mix in the Networks segment between sales of upgrades and expansions (mainly software) and new buildouts of coverage (mainly hardware);

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

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

Effects of the ongoing industry consolidation among our customers as well as between our largest competitors, e.g. with postponed investments and intensified price competition as a consequence;  
Changes in foreign exchange rates, in particular USD, JPY and EUR;

Political unrest or instability in certain markets;

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

Natural disasters and other events, affecting business, production, supply and transportation.

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

conduct.

Stockholm, October 24, 2013

Telefonaktiebolaget LM Ericsson (publ)

Hans Vestberg, President and CEO

Org. Nr. 556016-0680

Date for next report: January 30, 2014

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**Auditors Review report**

**Introduction**

We have reviewed this report for the period January 1, 2013, to September 30, 2013, for Telefonaktiebolaget LM Ericsson (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**Scope of review**

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

**Conclusion**

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

Stockholm, October 24, 2013

PricewaterhouseCoopers AB

Peter Nyllinge

Authorized Public Accountant

Auditor in Charge





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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), October 24, 2013. An analysts, investors and media conference call will begin at 14.00 (CET).

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

SEK million	Jul - Sep			Jan - Sep		
	2012	2013	Change	2012	2013	Change
Net sales	54,550	52,981	-3%	160,843	160,344	0%
Cost of sales	-37,970	-36,028	-5%	-109,566	-108,834	-1%
<b>Gross income</b>	16,580	16,953	2%	51,277	51,510	0%
Gross margin (%)	30.4%	32.0%		31.9%	32.1%	
Research and development expenses	-7,473	-7,710	3%	-23,586	-23,334	-1%
Selling and administrative expenses	-5,797	-5,778	0%	-18,884	-19,050	1%
<b>Operating expenses</b>	-13,270	-13,488	2%	-42,470	-42,384	0%
Other operating income and expenses	341	805		8,620 <sup>1)</sup>	-215	
<b>Operating income before shares in earnings of JV and associated companies</b>	3,651	4,270	17%	17,427	8,911	-49%
Operating margin before shares in earnings of JV and associated companies (%)	6.7%	8.1%		10.8%	5.6%	
Shares in earnings of JV and associated companies	-555	-51	-91%	-3,166	-121	-96%
<b>Operating income</b>	3,096	4,219	36%	14,261	8,790	-38%
Financial income	390	678		1,270	1,162	
Financial expenses	-275	-595		-1,472	-1,766	
<b>Income after financial items</b>	3,211	4,302	34%	14,059	8,186	-42%
Taxes	-1,027	-1,292		-1,866	-2,456	
<b>Net income</b>	2,184	3,010	38%	12,193	5,730	-53%
Net income attributable to:						
Stockholders of the Parent Company	2,177	2,921		12,237	5,595	
Non-controlling interests	7	89		-44	135	
Other information						
Average number of shares, basic (million)	3,217	3,227		3,215	3,225	
Earnings per share, basic (SEK) <sup>2)</sup>	0.68	0.91		3.81	1.74	
Earnings per share, diluted (SEK) <sup>2)</sup>	0.67	0.90		3.77	1.72	

**STATEMENT OF COMPREHENSIVE INCOME**

SEK million	Jul - Sep		Jan - Sep	
	2012	2013	2012	2013
<b>Net income</b>	2,184	3,010	12,193	5,730
<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	-486	458	-1,251	2,231
Revaluation of other investments in shares and participations				
Fair value remeasurement	1	1	2	70
Tax on items that will not be reclassified to profit or loss		-152		-873
<b>Items that may be reclassified to profit or loss</b>				
<b>Cash flow hedges</b>				
Gains/losses arising during the period	867	127	1,066	265
Reclassification adjustments for gains/losses included in profit or loss	-72	-185	-215	-948
Adjustments for amounts transferred to initial carrying amount of hedged items			92	
Changes in cumulative translation adjustments	-3,409	-3,150	-4,090	-2,464
Share of other comprehensive income on JV and associated companies	-5	-150	-23	-46
Tax on items that may be reclassified to profit or loss	-27	11	126	153
<b>Total other comprehensive income</b>	-3,131	-3,040	-4,293	-1,612
<b>Total comprehensive income</b>	-947	-30	7,900	4,118
Total comprehensive income attributable to:				
Stockholders of the Parent Company	-879	-79	8,000	4,008
Non-controlling interests	-68	49	-100	110

<sup>1)</sup> Includes gain on sale of Sony Ericsson SEK 7.7 billion in Q1 2012

<sup>2)</sup> Based on Net income attributable to stockholders of the Parent Company



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

<b>SEK million</b>	<b>Dec 31 2012</b>	<b>Jun 30 2013</b>	<b>Sep 30 2013</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Capitalized development expenses	3,840	3,691	3,540
Goodwill	30,404	30,855	31,611
Intellectual property rights, brands and other intangible assets	15,202	13,405	13,319
Property, plant and equipment	11,493	11,766	11,230
Financial assets			
Equity in JV and associated companies	2,842	2,883	2,675
Other investments in shares and participations	386	495	520
Customer finance, non-current	1,290	1,109	1,052
Other financial assets, non-current	3,964	4,807	4,586
Deferred tax assets	12,321	12,299	11,074
	81,742	81,310	79,607
<b>Current assets</b>			
Inventories	28,802	29,685	28,089
Trade receivables	63,660	63,084	64,905
Customer finance, current	4,019	2,998	2,191
Other current receivables	20,065	19,552	20,198
Short-term investments <sup>1)</sup>	32,026	26,335	25,505
Cash and cash equivalents	44,682	38,479	35,163
	193,254	180,133	176,051
<b>Total assets</b>	<b>274,996</b>	<b>261,443</b>	<b>255,658</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stockholders' equity	136,883	132,326	132,382
Non-controlling interest in equity of subsidiaries	1,600	1,540	1,568
	138,483	133,866	133,950
<b>Non-current liabilities</b>			
Post-employment benefits <sup>2)</sup>	9,503	10,907	10,385
Provisions, non-current	211	281	268
Deferred tax liabilities	3,120	3,326	3,050
Borrowings, non-current	23,898	22,471	21,745
Other non-current liabilities	2,377	2,330	2,204
	39,109	39,315	37,652
<b>Current liabilities</b>			
Provisions, current	8,427	7,435	6,146

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Borrowings, current	4,769	4,018	3,849
Trade payables	23,100	20,760	19,237
Other current liabilities <sup>2)</sup>	61,108	56,049	54,824
	97,404	88,262	84,056
<b>Total equity and liabilities</b>	<b>274,996</b>	<b>261,443</b>	<b>255,658</b>
<i>Of which interest-bearing liabilities and post-employment benefits</i>	<i>38,170</i>	<i>37,396</i>	<i>35,979</i>
<i>Of which net cash</i>	<i>38,538</i>	<i>27,418</i>	<i>24,689</i>
Assets pledged as collateral	520	2,587	2,552
Contingent liabilities	613	586	606

<sup>1)</sup> Including loan to ST-Ericsson of SEK 0 million as of September 30, 2013 (SEK 982 million as of June 30, 2013, SEK 0 million as of December 31, 2012)

<sup>2)</sup> The provision for the Swedish special payroll taxes, amounting to SEK 1.8 (1.8) billion, which was previously included in Other current liabilities, has been re-classified as pension liability in line with the implementation of IAS19R on January 1, 2013

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

SEK million	Jul - Sep		Jan - Sep		Jan - Dec
	2012	2013	2012	2013	2012
<b>Operating activities</b>					
Net income	2,184	3,010	12,193	5,730	5,938
Adjustments to reconcile net income to cash					
Taxes	-886	-881	-3,189	-3,419	-1,140
Earnings/dividends in JV and associated companies	579	50	3,062	120	11,769
Depreciation, amortization and impairment losses	2,394	2,546	7,110	7,393	9,889
Other	413	-327	-7,075	-345	-7,441
	4,684	4,398	12,101	9,479	19,015
<b>Changes in operating net assets</b>					
Inventories	-650	357	-666	-469	2,752
Customer finance, current and non-current	-164	800	118	1,972	-1,259
Trade receivables	2,882	-4,744	1,177	-3,594	-1,103
Trade payables	-1,455	-588	-2,451	-3,018	-1,311
Provisions and post-employment benefits	-175	-970	-2,299	-1,567	-1,920
Other operating assets and liabilities, net	1,851	2,206	-1,640	-23	5,857
	2,289	-2,939	-5,761	-6,699	3,016
<b>Cash flow from operating activities</b>	<b>6,973</b>	<b>1,459</b>	<b>6,340</b>	<b>2,780</b>	<b>22,031</b>
<b>Investing activities</b>					
Investments in property, plant and equipment	-1,461	-778	-4,103	-3,252	-5,429
Sales of property, plant and equipment	17	97	316	199	568
Acquisitions/divestments of subsidiaries and other operations, net	-357	-1,794	-2,197 <sup>1)</sup>	-1,969	-2,077 <sup>1)</sup>
Product development	-435	-237	-1,211	-733	-1,641
Other investing activities	1,652	-230	1,327	-135	1,540
Short-term investments	-938	-144	3,196	6,205	2,151
<b>Cash flow from investing activities</b>	<b>-1,522</b>	<b>-3,086</b>	<b>-2,672</b>	<b>315</b>	<b>-4,888</b>
<b>Cash flow before financing activities</b>	<b>5,451</b>	<b>-1,627</b>	<b>3,668</b>	<b>3,095</b>	<b>17,143</b>
<b>Financing activities</b>					
Dividends paid	-381	-21	-8,633	-8,945	-8,632
Other financing activities	1,062	43	856	-4,101	-753
<b>Cash flow from financing activities</b>	<b>681</b>	<b>22</b>	<b>-7,777</b>	<b>-13,046</b>	<b>-9,385</b>
Effect of exchange rate changes on cash	-1,994	-1,711	-1,722	432	-1,752
<b>Net change in cash</b>	<b>4,138</b>	<b>-3,316</b>	<b>-5,831</b>	<b>-9,519</b>	<b>6,006</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>28,707</b>	<b>38,479</b>	<b>38,676</b>	<b>44,682</b>	<b>38,676</b>
<b>Cash and cash equivalents, end of period</b>	<b>32,845</b>	<b>35,163</b>	<b>32,845</b>	<b>35,163</b>	<b>44,682</b>

<sup>1)</sup> Includes payment of external loan of SEK -6.2 billion attributable to the acquisition of Telcordia in Q1 2012



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

<b>SEK million</b>	<b>Jan - Sep 2012</b>	<b>Jan - Sep 2013</b>	<b>Jan - Dec 2012</b>
<b>Opening balance</b>	<b>145,270</b>	<b>138,483</b>	<b>145,270</b>
Total comprehensive income	7,900	4,118	1,830
Sale/repurchase of own shares	159	63	-93
Stock issue	-109		159
Stock purchase plan	333	297	405
Dividends paid	-8,633	-8,945	-8,632
Transactions with non-controlling interests	-377	-66	-456
<b>Closing balance</b>	<b>144,543</b>	<b>133,950</b>	<b>138,483</b>

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**Table of Contents****CONSOLIDATED INCOME STATEMENT ISOLATED QUARTERS**

Isolated quarters, SEK million	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	50,974	55,319	54,550	66,936	52,032	55,331	52,981
Cost of sales	-33,985	-37,611	-37,970	-46,133	-35,394	-37,412	-36,028
<b>Gross income</b>	16,989	17,708	16,580	20,803	16,638	17,919	16,953
Gross margin (%)	33.3%	32.0%	30.4%	31.1%	32.0%	32.4%	32.0%
Research and development expenses	-8,016	-8,097	-7,473	-9,247	-7,877	-7,747	-7,710
Selling and administrative expenses	-6,232	-6,855	-5,797	-7,139	-6,643	-6,629	-5,778
<b>Operating expenses</b>	-14,248	-14,952	-13,270	-16,386	-14,520	-14,376	-13,488
Other operating income and expenses	7,749 <sup>1)</sup>	530	341	345	20	-1,040	805
<b>Operating income before shares in earnings of JV and associated companies</b>	10,490	3,286	3,651	4,762	2,138	2,503	4,270
Operating margin before shares in earnings of JV and associated companies (%)	20.6%	5.9%	6.7%	7.1%	4.1%	4.5%	8.1%
Shares in earnings of JV and associated companies	-1,403	-1,208	-555	-8,565 <sup>2)</sup>	-32	-38	-51
<b>Operating income</b>	9,087	2,078	3,096	-3,803	2,106	2,465	4,219
Financial income	262	618	390	438	180	304	678
Financial expenses	-273	-924	-275	-512	-565	-606	-595
<b>Income after financial items</b>	9,076	1,772	3,211	-3,877	1,721	2,163	4,302
Taxes	-272	-567	-1,027	-2,378	-517	-647	-1,292
<b>Net income</b>	8,804	1,205	2,184	-6,255	1,204	1,516	3,010
Net income attributable to:							
Stockholders of the Parent Company	8,950	1,110	2,177	-6,462	1,205	1,469	2,921
Non-controlling interests	-146	95	7	207	-1	47	89
Other information							
Average number of shares, basic (million)	3,212	3,215	3,217	3,219	3,222	3,224	3,227
Earnings per share, basic (SEK)							
<sup>3)</sup>	2.79	0.35	0.68	-2.01	0.37	0.46	0.91
	2.76	0.34	0.67	-1.99	0.37	0.45	0.90

Earnings per share, diluted  
(SEK)<sup>3)</sup>

- 1) Includes gain on sale of Sony Ericsson SEK 7.7 billion in Q1 2012*
- 2) Negatively impacted by a non-cash charge related to ST-Ericsson of SEK -8.0 billion in Q4 2012*
- 3) Based on Net income attributable to stockholders of the Parent Company*

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

Isolated quarters, SEK million	2012				2013		Q4
	Q1	Q2	Q3	Q4	Q1	Q2	
<b>Operating activities</b>							
Net income	8,804	1,205	2,184	-6,255	1,204	1,516	3,000
Adjustments to reconcile net income to cash							
Depreciation and amortization	-1,118	-1,185	-886	2,049	-1,849	-689	-1,118
Dividends in JV and associated companies	1,290	1,193	579	8,707	33	37	1,290
Provision for doubtful accounts	2,315	2,401	2,394	2,779	2,411	2,436	2,315
Other	-7,022	-466	413	-366	-201	183	-7,022
<b>Change in operating net assets</b>	<b>4,269</b>	<b>3,148</b>	<b>4,684</b>	<b>6,914</b>	<b>1,598</b>	<b>3,483</b>	<b>4,269</b>
Inventory	-59	43	-650	3,418	-1,426	600	-59
Other finance, current and non-current	282		-164	-1,377	260	912	282
Accounts receivable	3,722	-5,427	2,882	-2,280	-1,934	3,084	-4,269
Accounts payable	-2,713	1,717	-1,455	1,140	-2,948	518	-2,713
Provisions and post-employment benefits	-1,771	-353	-175	379	1,155	-1,752	-1,771
Other operating assets and liabilities, net	-2,999	-492	1,851	7,497	325	-2,554	-2,999
<b>Net cash flow from operating activities</b>	<b>731</b>	<b>-1,364</b>	<b>6,973</b>	<b>15,691</b>	<b>-2,970</b>	<b>4,291</b>	<b>731</b>
<b>Investing activities</b>							
Capital expenditures in property, plant and equipment	-1,648	-994	-1,461	-1,326	-1,196	-1,278	-1,648
Disposals of property, plant and equipment	309	-10	17	252	91	11	309
Acquisitions/divestments of subsidiaries and other operations, net	-1,730 <sup>1)</sup>	-110	-357	120	-136	-39	-1,730
Product development	-251	-525	-435	-430	-282	-214	-251
Other investing activities	195	-520	1,652	213	298	-203	195
Long-term investments	-3,999	8,133	-938	-1,045	-2,860	9,209	-3,999
<b>Net cash flow from investing activities</b>	<b>-7,124</b>	<b>5,974</b>	<b>-1,522</b>	<b>-2,216</b>	<b>-4,085</b>	<b>7,486</b>	<b>-7,124</b>
<b>Net cash flow before financing activities</b>	<b>-6,393</b>	<b>4,610</b>	<b>5,451</b>	<b>13,475</b>	<b>-7,055</b>	<b>11,777</b>	<b>-6,393</b>
<b>Financing activities</b>							
Dividends paid		-8,252	-381	1	-61	-8,863	
Other financing activities	-1,318	1,112	1,062	-1,609	92	-4,236	-1,318
<b>Net cash flow from financing activities</b>	<b>-1,318</b>	<b>-7,140</b>	<b>681</b>	<b>-1,608</b>	<b>31</b>	<b>-13,099</b>	<b>-1,318</b>
Effect of exchange rate changes on cash	-327	599	-1,994	-30	-214	2,357	-327
<b>Change in cash</b>	<b>-8,038</b>	<b>-1,931</b>	<b>4,138</b>	<b>11,837</b>	<b>-7,238</b>	<b>1,035</b>	<b>-8,038</b>
<b>Net cash and cash equivalents, beginning of period</b>	<b>38,676</b>	<b>30,638</b>	<b>28,707</b>	<b>32,845</b>	<b>44,682</b>	<b>37,444</b>	<b>38,676</b>
<b>Net cash and cash equivalents, end of period</b>	<b>30,638</b>	<b>28,707</b>	<b>32,845</b>	<b>44,682</b>	<b>37,444</b>	<b>38,479</b>	<b>30,638</b>

<sup>1)</sup> Includes payment of external loan of SEK -6.2 billion attributable to the acquisition of Telcordia in Q1 2012





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**Table of Contents****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, 2012, and should be read in conjunction with that annual report.

**Change of hedge accounting**

Due to cost efficiency reasons Ericsson has changed the hedge accounting.

Ericsson hedges highly probable forecast transactions related to sales and purchases with the purpose to limit the impact related to currency fluctuations on these forecasted transactions. This will not be changed.

Ericsson has, however, decided to discontinue *hedge accounting* for this type of hedges. Until 2012 Ericsson applied cash flow hedge accounting for highly probable forecast transactions. Revaluation of these hedges (incepted prior to January 1, 2013) are prior to release reported under *Other comprehensive income (OCI)* and is at release recycled to sales, cost of sales and R&D expenses respectively.

As from 2013, revaluation of new hedges (inception as from January 1, 2013) are reported under *Other operating income and expenses* in the Income statement.

As from January 1, 2013, the Company has applied the following new or amended IFRSs and IFRICs:

**Amendment to IAS 1, Financial statement presentation regarding Other comprehensive income.** The main change resulting from this amendment is a requirement for entities to group items presented in *other comprehensive income (OCI)* on the basis of whether they are potentially recycled to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI.

**Amendment to IAS 19, Employee benefits** eliminates the corridor approach and calculates finance costs on a net funding basis. The Company implemented the immediate and full recognition of actuarial gains/losses in *Other comprehensive income (OCI)* in 2006, meaning that the corridor method has not been applied by the Company as from that date and therefore the transition to the revised IAS 19 has not had an effect on the present obligation. The main issue to address is the implementation of the net interest cost/gain, which integrates the interest cost and expected return on assets to be based on a common discount rate. An analysis of fiscal year 2012 in relation to this amendment indicated an impact on pension costs for 2012 with an increase of approximately SEK 0.4 ( 0.1) billion. The Company also needs to address the taxes to be incorporated into the defined benefit obligation. This amendment relates to the Swedish special payroll taxes to be reclassified from *Other current liabilities* to *Post-employment benefits* with an estimated amount of SEK 1.8 (1.8) billion as per December 31, 2012 \*. The amendment also includes additional disclosure requirements on yearly financial and demographic assumptions, sensitivity analysis, duration and multi-employer plans.

**Amendment to IFRS 7, Financial instruments: Disclosures on asset and liability offsetting** . This amendment requires disclosure of gross amounts related to financial instruments for which offset has been made.

\* See also footnote under the balance sheet.

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**Table of Contents****Accounting policies (continued)**

**IFRS 10, Consolidated financial statements** . The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. An entity controls an investee if the entity has power over the investee, has the ability to use the power and is exposed to variable returns. It also sets out the accounting requirements for the preparation of consolidated financial statements.

**IFRS 11, Joint arrangements** is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. The Company did not apply the proportionate consolidation method prior to 2013.

**IFRS 12, Disclosures of interests in other entities** includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

**IFRS 13, Fair value measurement** does not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. This standard has also added disclosure requirements in IAS 34, Interim Financial Reporting regarding the disclosure for financial instruments.

**IAS 27 (revised 2011), Separate financial statements** includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

**IAS 28 (revised 2011), Associates and joint ventures** includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

None of the new or amended standards and interpretations has had any significant impact on the financial result or position of the Company. There is no significant difference between IFRS effective as per September 30, 2013 and IFRS as endorsed by the EU.

**Disclosures required by the IASB on an interim basis as from 2013***Financial instruments carried at fair value*

The fair value of the Company's financial instruments, recognized at fair value, is determined based on quoted market prices or rates. Financial instruments, measured according to the category Fair value through profit or loss showed a net fair value measurement positive effect of SEK 1.7 billion. The amount is recognized in the balance sheet as per September 30, 2013.

*Financial instruments carried at other than fair value*

Book value for Notes and bond loans amounts to SEK 14.3 billion and fair value to SEK 14.3 billion. Fair values of Current part of non-current borrowings, Other borrowings non-current as well as Other financial instruments are not

estimated to materially differ from book values.

For further information about valuation principles, please see Note C1, Significant accounting policies in the Annual Report of 2012.

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

Segments Sony Ericsson and ST-Ericsson are reported in accordance with the equity method, thus their sales are not included.

Isolated quarters, SEK million	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Networks	27,314	27,766	26,939	35,266	28,133	28,142	26,655
Global Services	20,631	24,074	24,296	28,042	21,452	24,851	23,974
<i>Of which Professional Services</i>	<i>14,884</i>	<i>16,947</i>	<i>16,388</i>	<i>18,873</i>	<i>14,626</i>	<i>16,773</i>	<i>16,229</i>
<i>Of which Managed Services</i>	<i>5,708</i>	<i>6,468</i>	<i>6,306</i>	<i>6,752</i>	<i>5,888</i>	<i>6,754</i>	<i>6,264</i>
<i>Of which Network Rollout</i>	<i>5,747</i>	<i>7,127</i>	<i>7,908</i>	<i>9,169</i>	<i>6,826</i>	<i>8,078</i>	<i>7,745</i>
Support Solutions	3,029	3,479	3,315	3,628	2,447	2,338	2,352
<b>Total</b>	<b>50,974</b>	<b>55,319</b>	<b>54,550</b>	<b>66,936</b>	<b>52,032</b>	<b>55,331</b>	<b>52,981</b>

Sequential change, percent	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Networks	-18%	2%	-3%	31%	-20%	0%	-5%
Global Services	-24%	17%	1%	15%	-24%	16%	-4%
<i>Of which Professional Services</i>	<i>-18%</i>	<i>14%</i>	<i>-3%</i>	<i>15%</i>	<i>-23%</i>	<i>15%</i>	<i>-3%</i>
<i>Of which Managed Services</i>	<i>-6%</i>	<i>13%</i>	<i>-3%</i>	<i>7%</i>	<i>-13%</i>	<i>15%</i>	<i>-7%</i>
<i>Of which Network Rollout</i>	<i>-35%</i>	<i>24%</i>	<i>11%</i>	<i>16%</i>	<i>-26%</i>	<i>18%</i>	<i>-4%</i>
Support Solutions	-11%	15%	-5%	9%	-33%	-4%	1%
<b>Total</b>	<b>-20%</b>	<b>9%</b>	<b>-1%</b>	<b>23%</b>	<b>-22%</b>	<b>6%</b>	<b>-4%</b>

Year over year change, percent	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Networks	-18%	-17%	-17%	6%	3%	1%	-1%
Global Services	18%	26%	19%	4%	4%	3%	-1%
<i>Of which Professional Services</i>	<i>18%</i>	<i>26%</i>	<i>11%</i>	<i>4%</i>	<i>-2%</i>	<i>-1%</i>	<i>-1%</i>
<i>Of which Managed Services</i>	<i>16%</i>	<i>37%</i>	<i>19%</i>	<i>12%</i>	<i>3%</i>	<i>4%</i>	<i>-1%</i>
<i>Of which Network Rollout</i>	<i>18%</i>	<i>28%</i>	<i>38%</i>	<i>3%</i>	<i>19%</i>	<i>13%</i>	<i>-2%</i>
Support Solutions	33%	47%	29%	6%	-19%	-33%	-29%
<b>Total</b>	<b>-4%</b>	<b>1%</b>	<b>-2%</b>	<b>5%</b>	<b>2%</b>	<b>0%</b>	<b>-3%</b>

Year to date, SEK million	2012				2013		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
Networks	27,314	55,080	82,019	117,285	28,133	56,275	82,930
Global Services	20,631	44,705	69,001	97,043	21,452	46,303	70,277

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<i>Of which Professional Services</i>	14,884	31,830	48,219	67,092	14,626	31,399	47,628
<i>Of which Managed Services</i>	5,708	12,176	18,482	25,234	5,888	12,642	18,906
<i>Of which Network Rollout</i>	5,747	12,875	20,782	29,951	6,826	14,904	22,649
Support Solutions	3,029	6,508	9,823	13,451	2,447	4,785	7,137
<b>Total</b>	<b>50,974</b>	<b>106,293</b>	<b>160,843</b>	<b>227,779</b>	<b>52,032</b>	<b>107,363</b>	<b>160,344</b>

Year to date, year over year change, percent	2012				2013		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
Networks	-18%	-17%	-17%	-11%	3%	2%	1%
Global Services	18%	23%	21%	16%	4%	4%	2%
<i>Of which Professional Services</i>	18%	22%	18%	14%	-2%	-1%	-1%
<i>Of which Managed Services</i>	16%	26%	24%	20%	3%	4%	2%
<i>Of which Network Rollout</i>	18%	23%	29%	20%	19%	16%	9%
Support Solutions	33%	40%	36%	26%	-19%	-26%	-27%
<b>Total</b>	<b>-4%</b>	<b>-1%</b>	<b>-1%</b>	<b>0%</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>

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

Isolated quarters, SEK million	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Networks	1,649	1,255	1,341	2,812	1,565	1,335	2,557
Global Services	1,267	1,362	1,835	1,762	726	1,564	1,808
<i>Of which Professional Services</i>	<i>1,908</i>	<i>2,142</i>	<i>2,293</i>	<i>2,768</i>	<i>1,837</i>	<i>2,285</i>	<i>2,279</i>
<i>Of which Network Rollout</i>	<i>-641</i>	<i>-780</i>	<i>-458</i>	<i>-1,006</i>	<i>-1,111</i>	<i>-721</i>	<i>-471</i>
Support Solutions	-28	420	480	278	-29	-283	-113
Unallocated <sup>1)</sup>	-97	-43	6	-133	-156	-151	-33
<i>Subtotal Segments excluding Sony Ericsson and ST-Ericsson</i>	<i>2,791</i>	<i>2,994</i>	<i>3,662</i>	<i>4,719</i>	<i>2,106</i>	<i>2,465</i>	<i>4,219</i>
Sony Ericsson	7,691 <sup>2)</sup>	347	-1	-11			
ST-Ericsson	-1,395	-1,263	-565	-8,511 <sup>3)</sup>			
<i>Subtotal Sony Ericsson and ST-Ericsson</i>	<i>6,296</i>	<i>-916</i>	<i>-566</i>	<i>-8,522</i>			
<b>Total</b>	<b>9,087</b>	<b>2,078</b>	<b>3,096</b>	<b>-3,803</b>	<b>2,106</b>	<b>2,465</b>	<b>4,219</b>

Year to date, SEK million	2012				2013		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
Networks	1,649	2,904	4,245	7,057	1,565	2,900	5,457
Global Services	1,267	2,629	4,464	6,226	726	2,290	4,098
<i>Of which Professional Services</i>	<i>1,908</i>	<i>4,050</i>	<i>6,343</i>	<i>9,111</i>	<i>1,837</i>	<i>4,122</i>	<i>6,401</i>
<i>Of which Network Rollout</i>	<i>-641</i>	<i>-1,421</i>	<i>-1,879</i>	<i>-2,885</i>	<i>-1,111</i>	<i>-1,832</i>	<i>-2,303</i>
Support Solutions	-28	392	872	1,150	-29	-312	-425
Unallocated <sup>1)</sup>	-97	-140	-134	-267	-156	-307	-340
<i>Subtotal Segments excluding Sony Ericsson and ST-Ericsson</i>	<i>2,791</i>	<i>5,785</i>	<i>9,447</i>	<i>14,166</i>	<i>2,106</i>	<i>4,571</i>	<i>8,790</i>
Sony Ericsson	7,691 <sup>2)</sup>	8,038	8,037	8,026			
ST-Ericsson	-1,395	-2,658	-3,223	-11,734 <sup>3)</sup>			
<i>Subtotal Sony Ericsson and ST-Ericsson</i>	<i>6,296</i>	<i>5,380</i>	<i>4,814</i>	<i>-3,708</i>			
<b>Total</b>	<b>9,087</b>	<b>11,165</b>	<b>14,261</b>	<b>10,458</b>	<b>2,106</b>	<b>4,571</b>	<b>8,790</b>

**OPERATING MARGIN BY SEGMENT BY QUARTER**

As percentage of net sales, 2012 2013



<b>isolated quarters</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
Networks	6%	5%	5%	8%	6%	5%	10%
Global Services	6%	6%	8%	6%	3%	6%	8%
<i>Of which Professional Services</i>	<i>13%</i>	<i>13%</i>	<i>14%</i>	<i>15%</i>	<i>13%</i>	<i>14%</i>	<i>14%</i>
<i>Of which Network Rollout</i>	<i>-11%</i>	<i>-11%</i>	<i>-6%</i>	<i>-11%</i>	<i>-16%</i>	<i>-9%</i>	<i>-6%</i>
Support Solutions	-1%	12%	14%	8%	-1%	-12%	-5%

<b>Subtotal excluding Sony Ericsson and ST-Ericsson</b>	<b>5%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>4%</b>	<b>4%</b>	<b>8%</b>
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<b>As percentage of net sales, Year to date</b>	<b>2012</b>				<b>2013</b>		
	<b>Jan - Mar</b>	<b>Jan - Jun</b>	<b>Jan - Sep</b>	<b>Jan - Dec</b>	<b>Jan - Mar</b>	<b>Jan - Jun</b>	<b>Jan - Sep</b>
Networks	6%	5%	5%	6%	6%	5%	7%
Global Services	6%	6%	6%	6%	3%	5%	6%
<i>Of which Professional Services</i>	<i>13%</i>	<i>13%</i>	<i>13%</i>	<i>14%</i>	<i>13%</i>	<i>13%</i>	<i>13%</i>
<i>Of which Network Rollout</i>	<i>-11%</i>	<i>-11%</i>	<i>-9%</i>	<i>-10%</i>	<i>-16%</i>	<i>-12%</i>	<i>-10%</i>
Support Solutions	-1%	6%	9%	9%	-1%	-7%	-6%

<b>Subtotal excluding Sony Ericsson and ST-Ericsson</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>
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- 1) *Unallocated* consists mainly of costs for corporate staff, non-operational capital gains and losses
- 2) *Includes gain on sale of Sony Ericsson SEK 7.7 billion in Q1 2012*
- 3) *Negatively impacted by a non-cash charge related to ST-Ericsson of SEK -8.0 billion in Q4 2012*

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

Isolated quarters, SEK million	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
North America	12,775	12,987	14,037	16,950	15,773	15,341	14,453
Latin America	4,822	5,243	5,424	6,517	4,374	5,565	5,294
Northern Europe & Central Asia 1) 2)	2,292	3,358	2,697	2,998	2,283	2,708	2,949
Western & Central Europe 2)	4,306	4,094	3,630	5,448	4,349	4,522	4,399
Mediterranean 2)	4,620	6,214	5,401	7,064	5,271	6,159	5,659
Middle East	3,157	3,701	3,637	5,061	3,160	3,978	4,386
Sub Saharan Africa	2,200	2,791	2,800	3,558	2,131	2,653	2,693
India	1,421	1,700	1,737	1,602	1,606	1,279	1,280
North East Asia	9,154	8,423	8,373	10,246	6,054	6,642	6,053
South East Asia & Oceania	3,374	3,674	3,505	4,515	4,129	3,758	3,617
Other 1) 2)	2,853	3,134	3,309	2,977	2,902	2,726	2,198
<b>Total</b>	<b>50,974</b>	<b>55,319</b>	<b>54,550</b>	<b>66,936</b>	<b>52,032</b>	<b>55,331</b>	<b>52,981</b>

1) Of which in Sweden 834 1,282 1,649 1,268 1,020 1,276 798

2) Of which in EU 9,502 11,201 10,604 12,923 9,782 10,816 10,111

Sequential change, percent	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
North America	14%	2%	8%	21%	-7%	-3%	-6%
Latin America	-31%	9%	3%	20%	-33%	27%	-5%
Northern Europe & Central Asia 1) 2)	-39%	47%	-20%	11%	-24%	19%	9%
Western & Central Europe 2)	-18%	-5%	-11%	50%	-20%	4%	-3%
Mediterranean 2)	-44%	35%	-13%	31%	-25%	17%	-8%
Middle East	-39%	17%	-2%	39%	-38%	26%	10%
Sub Saharan Africa	-32%	27%	0%	27%	-40%	24%	2%
India	-7%	20%	2%	-8%	0%	-20%	0%
North East Asia	-16%	-8%	-1%	22%	-41%	10%	-9%
South East Asia & Oceania	-16%	9%	-5%	29%	-9%	-9%	-4%
Other 1) 2)	-14%	10%	6%	-10%	-3%	-6%	-19%
<b>Total</b>	<b>-20%</b>	<b>9%</b>	<b>-1%</b>	<b>23%</b>	<b>-22%</b>	<b>6%</b>	<b>-4%</b>

1) Of which in Sweden -8% 54% 29% -23% -20% 25% -37%

2) Of which in EU -29% 18% -5% 22% -24% 11% -7%

Year-over-year change, percent	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
North America	-3%	5%	16%	51%	23%	18%	3%
Latin America	20%	6%	-10%	-7%	-9%	6%	-2%

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Northern Europe & Central Asia 1) 2)	-32%	-26%	-24%	-21%	0%	-19%	9%
Western & Central Europe 2)	-10%	-6%	-21%	3%	1%	10%	21%
Mediterranean 2)	-4%	12%	3%	-14%	14%	-1%	5%
Middle East	3%	4%	0%	-3%	0%	7%	21%
Sub Saharan Africa	-1%	26%	11%	11%	-3%	-5%	-4%
India	-55%	-39%	-24%	5%	13%	-25%	-26%
North East Asia	6%	-7%	-13%	-6%	-34%	-21%	-28%
South East Asia & Oceania	9%	21%	-6%	13%	22%	2%	3%
Other 1) 2)	9%	27%	49%	-10%	2%	-13%	-34%
<b>Total</b>	<b>-4%</b>	<b>1%</b>	<b>-2%</b>	<b>5%</b>	<b>2%</b>	<b>0%</b>	<b>-3%</b>
1) Of which in Sweden	-10%	16%	75%	40%	22%	0%	-52%
2) Of which in EU	-5%	9%	4%	-4%	3%	-3%	-5%

**Table of Contents****NET SALES BY REGION BY QUARTER (continued)**

Year to date, SEK million	2012				2013		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
North America	12,775	25,762	39,799	56,749	15,773	31,114	45,567
Latin America	4,822	10,065	15,489	22,006	4,374	9,939	15,233
Northern Europe & Central Asia 1) 2)	2,292	5,650	8,347	11,345	2,283	4,991	7,940
Western & Central Europe 2)	4,306	8,400	12,030	17,478	4,349	8,871	13,270
Mediterranean 2)	4,620	10,834	16,235	23,299	5,271	11,430	17,089
Middle East	3,157	6,858	10,495	15,556	3,160	7,138	11,524
Sub Saharan Africa	2,200	4,991	7,791	11,349	2,131	4,784	7,477
India	1,421	3,121	4,858	6,460	1,606	2,885	4,165
North East Asia	9,154	17,577	25,950	36,196	6,054	12,696	18,749
South East Asia & Oceania	3,374	7,048	10,553	15,068	4,129	7,887	11,504
Other 1) 2)	2,853	5,987	9,296	12,273	2,902	5,628	7,826
<b>Total</b>	<b>50,974</b>	<b>106,293</b>	<b>160,843</b>	<b>227,779</b>	<b>52,032</b>	<b>107,363</b>	<b>160,344</b>

1) Of which in Sweden 834 2,116 3,765 5,033 1,020 2,296 3,094

2) Of which in EU 9,502 20,703 31,307 44,230 9,782 20,598 30,709

Year to date, year-over-year change, percent	2012				2013		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
North America	-3%	1%	6%	16%	23%	21%	14%
Latin America	20%	13%	4%	0%	-9%	-1%	-2%
Northern Europe & Central Asia 1) 2)	-32%	-29%	-27%	-25%	0%	-12%	-5%
Western & Central Europe 2)	-10%	-8%	-13%	-8%	1%	6%	10%
Mediterranean 2)	-4%	5%	4%	-2%	14%	6%	5%
Middle East	3%	4%	2%	1%	0%	4%	10%
Sub Saharan Africa	-1%	13%	12%	12%	-3%	-4%	-4%
India	-55%	-48%	-41%	-34%	13%	-8%	-14%
North East Asia	6%	0%	-5%	-5%	-34%	-28%	-28%
South East Asia & Oceania	9%	15%	7%	9%	22%	12%	9%
Other 1) 2)	9%	18%	27%	15%	2%	-6%	-16%
<b>Total</b>	<b>-4%</b>	<b>-1%</b>	<b>-1%</b>	<b>0%</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>

1) Of which in Sweden -10% 4% 27% 30% 22% 9% -18%

2) Of which in EU -5% 2% 3% 1% 3% -1% -2%

**TOP 5 COUNTRIES IN SALES**

Q3

Jan - Sep

<b>Country</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>
UNITED STATES	26%	28%	24%	28%
JAPAN	9%	5%	8%	6%
CHINA	5%	5%	5%	4%
ITALY	4%	3%	4%	3%
BRAZIL	3%	3%	3%	3%

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

Revenue from Telcordia is reported 50/50 between segments Global Services and Support Solutions. In the regional dimension, all of Telcordia sales is reported in Support Solutions, except for North America where it is split 50/50.

IPX was divested Q3 2012. For the first nine months of 2012, IPX was included in Support Solutions and region Other.

	Q3 2013, SEK million				Jan - Sep 2013, SEK million			
	Net-works	Global Services	Support Solutions	Total	Net-works	Global Services	Support Solutions	Total
North America	6,597	7,268	588	<b>14,453</b>	23,196	20,808	1,563	<b>45,567</b>
Latin America	2,775	2,304	215	<b>5,294</b>	7,762	6,619	852	<b>15,233</b>
Northern Europe & Central Asia	1,983	915	51	<b>2,949</b>	4,869	2,897	174	<b>7,940</b>
Western & Central Europe	1,730	2,543	126	<b>4,399</b>	5,572	7,318	380	<b>13,270</b>
Mediterranean	2,567	2,961	131	<b>5,659</b>	7,932	8,721	436	<b>17,089</b>
Middle East	2,255	1,807	324	<b>4,386</b>	5,488	5,270	766	<b>11,524</b>
Sub Saharan Africa	1,356	1,118	219	<b>2,693</b>	3,704	3,075	698	<b>7,477</b>
India	566	676	38	<b>1,280</b>	1,908	2,022	235	<b>4,165</b>
North East Asia	3,539	2,457	57	<b>6,053</b>	10,694	7,853	202	<b>18,749</b>
South East Asia & Oceania	1,923	1,565	129	<b>3,617</b>	6,539	4,618	347	<b>11,504</b>
Other	1,364	360	474	<b>2,198</b>	5,266	1,076	1,484	<b>7,826</b>
<b>Total</b>	<b>26,655</b>	<b>23,974</b>	<b>2,352</b>	<b>52,981</b>	<b>82,930</b>	<b>70,277</b>	<b>7,137</b>	<b>160,344</b>
Share of Total	50%	45%	5%	100%	52%	44%	4%	100%

Sequential change, percent	Q3 2013			
	Net-works	Global Services	Support Solutions	Total
North America	-11%	-2%	20%	<b>-6%</b>
Latin America	-7%	0%	-24%	<b>-5%</b>
Northern Europe & Central Asia	22%	-11%	-14%	<b>9%</b>
Western & Central Europe	-11%	4%	-8%	<b>-3%</b>
Mediterranean	-12%	-4%	-20%	<b>-8%</b>
Middle East	24%	-9%	89%	<b>10%</b>
Sub Saharan Africa	9%	-1%	-19%	<b>2%</b>
India	17%	-6%	-50%	<b>0%</b>
North East Asia	-6%	-12%	-2%	<b>-9%</b>
South East Asia & Oceania	-5%	-4%	17%	<b>-4%</b>
Other	-28%	18%	-9%	<b>-19%</b>

<b>Total</b>	<b>-5%</b>	<b>-4%</b>	<b>1%</b>	<b>-4%</b>
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<b>Year over year change, percent</b>	<b>Q3 2013</b>			
	<b>Net-works</b>	<b>Global Services</b>	<b>Support Solutions</b>	<b>Total</b>
North America	-13%	24%	-3%	<b>3%</b>
Latin America	10%	-1%	-62%	<b>-2%</b>
Northern Europe & Central Asia	31%	-16%	-48%	<b>9%</b>
Western & Central Europe	85%	1%	-25%	<b>21%</b>
Mediterranean	29%	-8%	-29%	<b>5%</b>
Middle East	60%	-1%	-20%	<b>21%</b>
Sub Saharan Africa	-14%	19%	-22%	<b>-4%</b>
India	-46%	11%	-51%	<b>-26%</b>
North East Asia	-21%	-34%	-56%	<b>-28%</b>
South East Asia & Oceania	10%	-3%	-7%	<b>3%</b>
Other	-36%	-29%	-29%	<b>-34%</b>
<b>Total</b>	<b>-1%</b>	<b>-1%</b>	<b>-29%</b>	<b>-3%</b>

<b>Year over year change, percent</b>	<b>Jan - Sep 2013</b>			
	<b>Net-works</b>	<b>Global Services</b>	<b>Support Solutions</b>	<b>Total</b>
North America	10%	24%	-19%	<b>14%</b>
Latin America	13%	-10%	-32%	<b>-2%</b>
Northern Europe & Central Asia	2%	-13%	-35%	<b>-5%</b>
Western & Central Europe	46%	-5%	-28%	<b>10%</b>
Mediterranean	17%	-3%	-17%	<b>5%</b>
Middle East	28%	0%	-18%	<b>10%</b>
Sub Saharan Africa	-16%	15%	-4%	<b>-4%</b>
India	-28%	8%	-30%	<b>-14%</b>
North East Asia	-33%	-18%	-48%	<b>-28%</b>
South East Asia & Oceania	20%	-1%	-16%	<b>9%</b>
Other	-11%	28%	-41%	<b>-16%</b>
<b>Total</b>	<b>1%</b>	<b>2%</b>	<b>-27%</b>	<b>0%</b>

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

Isolated quarters, SEK million	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Opening balance</b>	<b>6,265</b>	<b>5,930</b>	<b>5,318</b>	<b>5,243</b>	<b>8,638</b>	<b>9,499</b>	<b>7,716</b>
Additions	1,003	616	810	4,582	1,915	1,215	658
Utilization/Cash out	-980	-850	-664	-981	-758	-2,365	-1,534
<i>Of which restructuring</i>	<i>-401</i>	<i>-342</i>	<i>-160</i>	<i>-267</i>	<i>-324</i>	<i>-1,001</i>	<i>-457</i>
Reversal of excess amounts	-370	-453	-95	-155	-209	-586	-191
Reclassification, translation difference and other	12	75	-126	-51	-87	-47	-235
<b>Closing balance</b>	<b>5,930</b>	<b>5,318</b>	<b>5,243</b>	<b>8,638</b>	<b>9,499</b>	<b>7,716</b>	<b>6,414</b>

Year to date, SEK million	2012				2013		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
<b>Opening balance</b>	<b>6,265</b>	<b>6,265</b>	<b>6,265</b>	<b>6,265</b>	<b>8,638</b>	<b>8,638</b>	<b>8,638</b>
Additions	1,003	1,619	2,429	7,011	1,915	3,130	3,788
Utilization/Cash out	-980	-1,830	-2,494	-3,475	-758	-3,123	-4,657
<i>Of which restructuring</i>	<i>-401</i>	<i>-743</i>	<i>-903</i>	<i>-1,170</i>	<i>-324</i>	<i>-1,325</i>	<i>-1,782</i>
Reversal of excess amounts	-370	-823	-918	-1,073	-209	-795	-986
Reclassification, translation difference and other	12	87	-39	-90	-87	-134	-369
<b>Closing balance</b>	<b>5,930</b>	<b>5,318</b>	<b>5,243</b>	<b>8,638</b>	<b>9,499</b>	<b>7,716</b>	<b>6,414</b>

**INFORMATION ON INVESTMENTS IN ASSETS SUBJECT TO DEPRECIATION, AMORTIZATION, IMPAIRMENT AND WRITE-DOWNS**

Isolated quarters, SEK million	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Additions</b>							
Property, plant and equipment	1,648	994	1,461	1,326	1,196	1,278	778
Capitalized development expenses	251	525	435	430	282	214	237
IPR, brands and other intangible assets	5,570	992	341	409	196	22	1,418
<b>Total</b>	<b>7,469</b>	<b>2,511</b>	<b>2,237</b>	<b>2,165</b>	<b>1,674</b>	<b>1,514</b>	<b>2,433</b>

**Depreciation, amortization and impairment losses**

Property, plant and equipment	914	982	1,035	1,081	1,008	983	1,008
Capitalized development expenses	245	259	265	555	303	342	388
IPR, brands and other intangible	1,156	1,160	1,094	1,143	1,100	1,111	1,150



assets, etc.

<b>Total</b>	<b>2,315</b>	<b>2,401</b>	<b>2,394</b>	<b>2,779</b>	<b>2,411</b>	<b>2,436</b>	<b>2,546</b>
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**RECONCILIATION TABLE, NON-IFRS MEASUREMENTS****CASH CONVERSION**

Isolated quarters, SEK million	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net income	8,804	1,205	2,184	-6,255	1,204	1,516	3,010
Net income reconciled to cash	4,269	3,148	4,684	6,914	1,598	3,483	4,398
Cash flow from operating activities	731	-1,364	6,973	15,691	-2,970	4,291	1,459
Cash conversion	17.1%	-43.3%	148.9%	226.9%	-185.9%	123.2%	33.2%

**NET CASH, END OF PERIOD**

SEK million	Dec 31 2012	Mar 31 2013	Jun 30 2013	Sep 30 2013
Cash and cash equivalents	44,682	37,444	38,479	35,163
+ Short term investments	32,026	34,641	26,335	25,505
- Borrowings, non-current	23,898	23,638	22,471	21,745
- Borrowings, current	4,769	5,084	4,018	3,849
- Post employment benefits	9,503	11,132	10,907	10,385
Net cash, end of period	38,538	32,231	27,418	24,689

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

	Jul - Sep		Jan - Sep		Jan - Dec
	2012	2013	2012	2013	2012
<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
<i>Of which class A-shares (million)</i>	262	262	262	262	262
<i>Of which class B-shares (million)</i>	3,043	3,043	3,043	3,043	3,043
Number of treasury shares, end of period (million)	87	77	87	77	85
Number of shares outstanding, basic, end of period (million)	3,218	3,228	3,218	3,228	3,220
Numbers of shares outstanding, diluted, end of period (million)	3,247	3,259	3,247	3,259	3,251
Average number of treasury shares (million)	88	78	73	81	76
Average number of shares outstanding, basic (million)	3,217	3,227	3,215	3,225	3,216
Average number of shares outstanding, diluted (million) <sup>1)</sup>	3,246	3,258	3,244	3,256	3,247
Earnings per share, basic (SEK)	0.68	0.91	3.81	1.74	1.80
Earnings per share, diluted (SEK) <sup>1)</sup>	0.67	0.90	3.77	1.72	1.78
<b>Ratios</b>					
Days sales outstanding			101	109	86
Inventory turnover days	79	73	82	72	73
Payable days	56	51	59	53	57
Equity ratio (%)			53.0%	52.4%	50.4%
Capital turnover (times)	1.2	1.2	1.2	1.2	1.3
Payment readiness, end of period			74,683	69,651	84,951
Payment readiness, as percentage of sales			34.8%	32.6%	37.3%
<b>Exchange rates used in the consolidation</b>					
SEK/EUR average rate			8.73	8.60	8.70
closing rate			8.44	8.66	8.58
SEK/USD average rate			6.77	6.53	6.73
closing rate			6.53	6.42	6.51
<b>Other</b>					
Regional inventory, end of period,	21,958	18,416	21,958	18,416	19,353
Export sales from Sweden	23,808	24,019	76,796	73,728	106,997

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

**NUMBER OF EMPLOYEES****2012****2013**

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<b>End of period</b>	<b>Mar 31</b>	<b>Jun 30</b>	<b>Sep 30</b>	<b>Dec 31</b>	<b>Mar 31</b>	<b>Jun 30</b>	<b>Sep 30</b>
North America	16,281	15,872	15,486	15,501	15,404	15,047	14,825
Latin America	11,538	11,176	10,920	11,219	11,153	11,412	11,402
Northern Europe & Central Asia 1)	21,341	21,457	21,334	21,211	21,043	21,148	22,038
Western & Central Europe	10,900	10,837	11,897	11,257	11,118	11,235	11,612
Mediterranean	11,858	11,986	12,321	12,205	12,015	12,405	12,350
Middle East	4,361	4,231	4,065	3,992	3,951	3,951	3,766
Sub Saharan Africa	2,317	2,277	1,669	2,014	1,967	2,101	2,081
India	12,567	12,644	13,269	14,303	14,588	16,183	16,978
North East Asia	13,016	13,233	13,853	14,157	14,088	14,059	14,625
South East Asia & Oceania	4,372	4,382	4,400	4,396	4,321	4,264	4,312
<b>Total</b>	<b>108,551</b>	<b>108,095</b>	<b>109,214</b>	<b>110,255</b>	<b>109,648</b>	<b>111,805</b>	<b>113,989</b>
<i>1) Of which in Sweden</i>	<i>17,767</i>	<i>17,890</i>	<i>17,768</i>	<i>17,712</i>	<i>17,550</i>	<i>17,264</i>	<i>18,008</i>

Ericsson Third Quarter Report 2013

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

Isolated quarters, SEK million	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Cost of sales	-496	-389	-455	-885	-698	-707	-600
Research and development expenses	-19	-107	-33	-693	-552	-117	-64
Selling and administrative expenses	-54	-98	-82	-136	-589	-110	-55
<i>Subtotal Ericsson excluding ST-Ericsson</i>	<i>-569</i>	<i>-594</i>	<i>-570</i>	<i>-1,714</i>	<i>-1,839</i>	<i>-934</i>	<i>-719</i>
Share in ST-Ericsson charges	-30	-190	-46	-46			
<b>Total</b>	<b>-599</b>	<b>-784</b>	<b>-616</b>	<b>-1,760</b>	<b>-1,839</b>	<b>-934</b>	<b>-719</b>

Year to date, SEK million	2012				2013							
	Jan	Mar	Jan	Jun	Jan	Sep	Jan	Mar	Jan	Jun	Jan	Sep
Cost of sales	-496	-885	-1,340	-2,225	-698	-1,405	-2,005					
Research and development expenses	-19	-126	-159	-852	-552	-669	-733					
Selling and administrative expenses	-54	-152	-234	-370	-589	-699	-754					
<i>Subtotal Ericsson excluding ST-Ericsson</i>	<i>-569</i>	<i>-1,163</i>	<i>-1,733</i>	<i>-3,447</i>	<i>-1,839</i>	<i>-2,773</i>	<i>-3,492</i>					
Share in ST-Ericsson charges	-30	-220	-266	-312								
<b>Total</b>	<b>-599</b>	<b>-1,383</b>	<b>-1,999</b>	<b>-3,759</b>	<b>-1,839</b>	<b>-2,773</b>	<b>-3,492</b>					

**RESTRUCTURING CHARGES BY SEGMENT**

Isolated quarters, SEK million	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Networks	-87	-167	-94	-905	-1,251	-316	-299
Global Services	-473	-415	-441	-601	-385	-586	-410
<i>Of which Professional Services</i>	<i>-358</i>	<i>-302</i>	<i>-305</i>	<i>-371</i>	<i>-270</i>	<i>-389</i>	<i>-290</i>
<i>Of which Network Rollout</i>	<i>-115</i>	<i>-113</i>	<i>-136</i>	<i>-230</i>	<i>-115</i>	<i>-197</i>	<i>-120</i>
Support Solutions	-9	-12	-29	-196	-111	-34	-11
Unallocated			-6	-12	-92	2	1
<i>Subtotal Ericsson excluding ST-Ericsson</i>	<i>-569</i>	<i>-594</i>	<i>-570</i>	<i>-1,714</i>	<i>-1,839</i>	<i>-934</i>	<i>-719</i>
ST-Ericsson	-30	-190	-46	-46			
<b>Total</b>	<b>-599</b>	<b>-784</b>	<b>-616</b>	<b>-1,760</b>	<b>-1,839</b>	<b>-934</b>	<b>-719</b>

2012 2013

Year to date, SEK million

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	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
Networks	-87	-254	-348	-1,253	-1,251	-1,567	-1,866
Global Services	-473	-888	-1,329	-1,930	-385	-971	-1,381
<i>Of which Professional Services</i>	-358	-660	-965	-1,336	-270	-659	-949
<i>Of which Network Rollout</i>	-115	-228	-364	-594	-115	-312	-432
Support Solutions	-9	-21	-50	-246	-111	-145	-156
Unallocated			-6	-18	-92	-90	-89
<i>Subtotal Ericsson excluding ST-Ericsson</i>	-569	-1,163	-1,733	-3,447	-1,839	-2,773	-3,492
ST-Ericsson	-30	-220	-266	-312			
<b>Total</b>	<b>-599</b>	<b>-1,383</b>	<b>-1,999</b>	<b>-3,759</b>	<b>-1,839</b>	<b>-2,773</b>	<b>-3,492</b>