

PRESS RELEASE

JULY 18, 2012



ERICSSON SECOND QUARTER 2012

- Sales increased 1% YoY and showed a good performance QoQ, +9%.
- Networks sales decreased YoY due to the expected decline in CDMA equipment sales as well as weaker sales in China and Russia.
- Global Services and Support Solutions showed strong performance YoY and QoQ.
- The underlying business mix, with higher share of coverage projects than capacity projects, was unchanged in the quarter and is expected to prevail short-term. The negative gross margin impact from the network modernization projects in Europe will start to gradually decline end 2012.
- Cash flow from operations SEK -1.4 b. impacted by high working capital mainly due to late invoicing.
- Net income SEK 1.2 b., down from SEK 3.2 b. YoY, impacted by lower profitability in Network and increased loss in ST-Ericsson.
- EPS diluted SEK 0.34 (0.96). EPS Non-IFRS SEK 0.78 (1.60).

SEK b.	Q2 2012	Q2 2011	YoY Change	Q1 2012	QoQ Change	Six m. 2012	Six m. 2011
Net sales	55.3	54.8	1%	51.0	9%	106.3	107.7
<i>Of which Networks</i>	27.8	33.4	-17%	27.3	2%	55.1	66.6
<i>Of which Global Services</i>	24.1	19.0	26%	20.6	17%	44.7	36.5
<i>Of which Support Solutions</i>	3.5	2.4	47%	3.0	15%	6.5	4.7
Gross margin	32.0%	37.8%	-	33.3%	-	32.6%	38.1%
EBITA margin excl JVs and Sony Ericsson sale	8.0%	11.4%	-	7.7%	-	7.9%	12.7%
Operating income excl JVs and Sony Ericsson sale	3.3	5.0	-35%	2.8	17%	6.1	11.3
Operating margin excl JVs and Sony Ericsson sale	5.9%	9.2%	-	5.5%	-	5.7%	10.5%
EBITA margin excl JVs	8.0%	11.4%	-	22.8%	-	15.2%	12.7%
Operating income excl JVs	3.3	5.0	-35%	10.5	-	13.8	11.3
Operating margin excl JVs	5.9%	9.2%	-	20.6%	-	13.0%	10.5%
<i>Of which Networks</i>	5%	14%	-	6%	-	5%	16%
<i>Of which Global Services</i>	6%	5%	-	6%	-	6%	6%
<i>Of which Support Solutions</i>	12%	-11%	-	-1%	-	6%	-13%
Operating income incl JVs	2.1	4.3	-51%	9.1	-	11.2	10.1
Income after financial items	1.8	4.6	-	9.1	-	10.8	10.4
Net income	1.2	3.2	-63%	8.8	-	10.0	7.3
EPS diluted, SEK	0.34	0.96	-65%	2.76	-88%	3.10	2.23
EPS (Non-IFRS), SEK ¹⁾	0.78	1.60	-51%	3.14	-75%	3.91	3.21
Cash flow from operations	-1.4	5.8	-	0.7	-	-0.6	2.9
	-43%	115%	-	17%	-	-9%	25%
Cash conversion							
Net cash, end of period	-	-	-	37.1	-	25.9	42.6

¹⁾ EPS, diluted, excl. amortizations, write-downs of acquired intangible assets and restructuring. Q112 includes a gain from the divestment of Sony Ericsson of SEK 7.7 b.

Comments from Hans Vestberg, President and CEO

"In the quarter, demand for Global Services and Support Solutions was strong, while Networks sales decreased YoY mainly due to the expected decline in CDMA equipment sales as well as lower business activity in China, including weaker sales of GSM and lower 3G sales in Russia," says Hans Vestberg, President and CEO of Ericsson (NASDAQ:ERIC). "In Global Services all areas showed good growth in the quarter due to operators' focus on operational efficiency and high project activities. The strong development for Support Solutions was driven by billing systems and TV solutions. Global Services and Support Solutions together represented about half of the Group's revenues. The growing Global Services business has a dilutive impact on gross margin.

We continue to stay close to our customers to monitor the impacts of macroeconomic development and political uncertainty in certain regions on their investments. In customer conversations it is clear that the fundamental drivers for increased data traffic are unchanged. Today there are more than 700 million smartphone subscriptions and according to our estimates this number will increase to three billion in 2017. Based on these drivers, we see an increasing focus from our customers on network performance and quality of service. This will require continuous operator investments in hardware, software and services.

Our joint venture ST-Ericsson is still in a challenging situation due to a significant drop in sales of new products to one of the largest customers and continued decline in legacy products. The company continues to focus on securing the successful execution and delivery of its NovaThor ModAp platforms and Thor modems to customers while executing on company transformation aiming at lowering its break-even point.

In 2010 we made a conscious decision to gain market share and increase technology and services leadership, well aware of the short-term profitability pressure. Our focus is now on translating these gains into sustainable profitable growth," concludes Vestberg.

You find the complete report with tables in the attached PDF or by following this link:
www.ericsson.com/res/investors/docs/q-reports/2012/6month12-en.pdf

NOTES TO EDITORS

To read the complete report with tables, please go to:
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Ericsson invites media, investors and analysts to a press conference at the Ericsson Studio, Grönlandsgången 4, Stockholm, at 09.00 (CET), July 18, 2012. An analysts, investors and media conference call will begin at 14.00 (CET).

Live webcast of the press conference and conference call as well as supporting slides will be available at www.ericsson.com/press and www.ericsson.com/investors

Video material will be published during the day on www.ericsson.com/press

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Ericsson discloses the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 07.30 CET, on July 18, 2012.