

FINANCIALS 2014

PATRIK WAHLGREN, CFO
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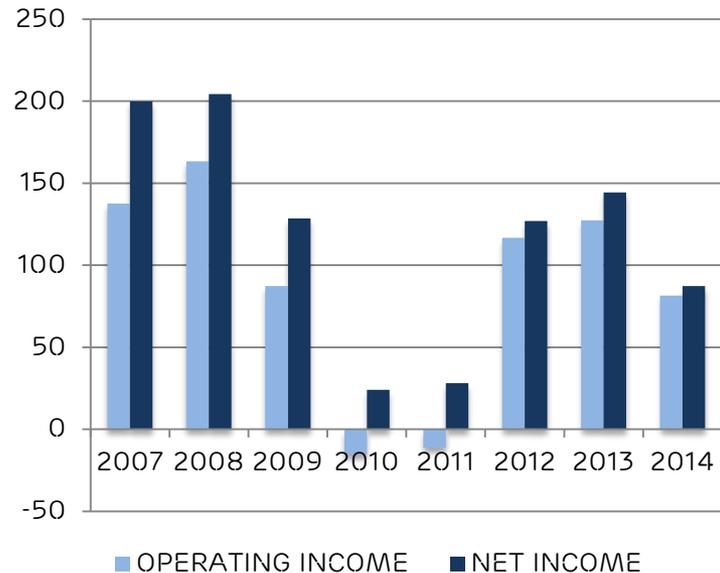
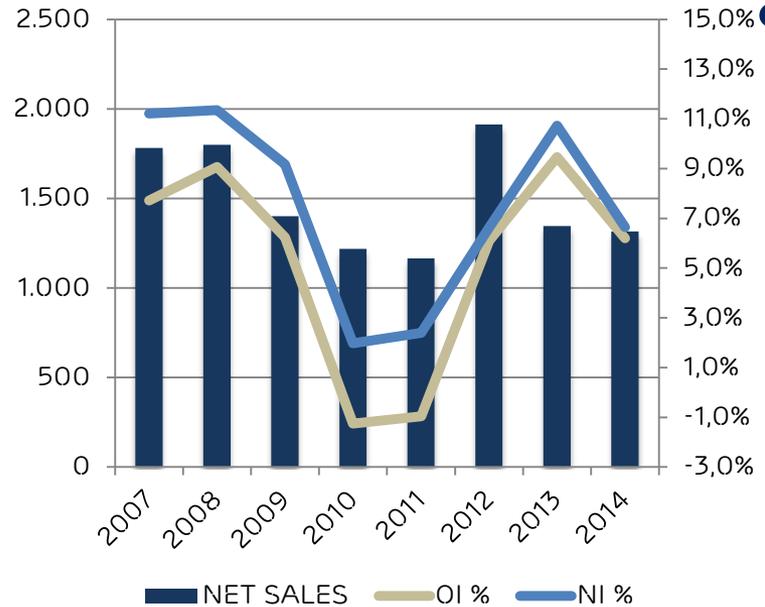
P/L COMMENTS

› Revenue stable

- Top line increased QoQ and stable YoY with new Managed Service business
- Decreased export business into CIS
- Zero financial exposure to Russia and Ukraine
- Increasing share of internal Ericsson sales leading to lower business risks

› Profitability challenged

- Business mix changes lead to lower margins
- Continuous price pressure from customers
- New managed services business further alters the business mix
- Declining Selling, General & Administrative expenses 2014 – continuous reductions into 2015
- Lower financial income due to less yielding assets put at work (deposits; discontinuation of using balance sheet for customer financing - financial risk reduced)



INCOME STATEMENT



MHRK	1412A	1312A	YOY CHANGE
NET SALES	1.314,9	1.345,2	-2%
COST OF SALES	-1.135,3	-1.125,1	1%
GROSS PROFIT	179,6	220,1	-18%
<i>GROSS MARGIN %</i>	<i>13,7%</i>	<i>16,4%</i>	
SELLING EXPENSES	-56,3	-60,7	-7%
ADMINISTRATIVE EXPENSES	-34,1	-32,7	4%
OTHER OPERATING REVENUE	3,8	2,1	78%
OTHER OPERATING EXPENSES	-11,5	-1,6	599%
OPERATING INCOME	81,4	127,2	-36%
FINANCIAL INCOME - NET	6,9	17,1	-60%
PROFIT BEFORE TAX	88,3	144,4	-39%
INCOME TAX	-1,0	0,0	0%
NET INCOME	87,3	144,4	-39%
<i>ROS%</i>	<i>6,6%</i>	<i>10,7%</i>	

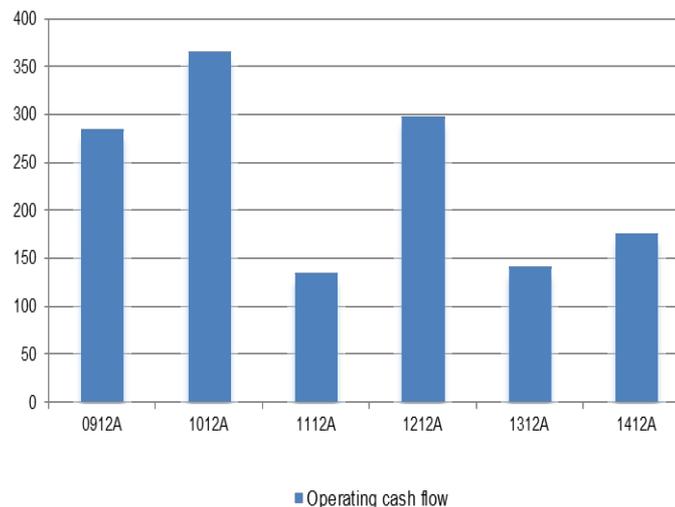
B/S COMMENTS

› Strong balance sheet

- Equity ratio of 48%
- Despite extraordinary dividend 2014, cash and financial assets represent a third of the total assets
- Strong focus on leaner use of working capital has paid off with significant decrease in inventories
- Strong focus on cash collection has further reduced Accounts Receivables during 2014

› Solid cash flow

- Cash conversion at 117%
- More than MHRK 176 generated in Free Cash Flow from Operations
- Reduced working capital and strong cash conversion allows high dividend pay-out

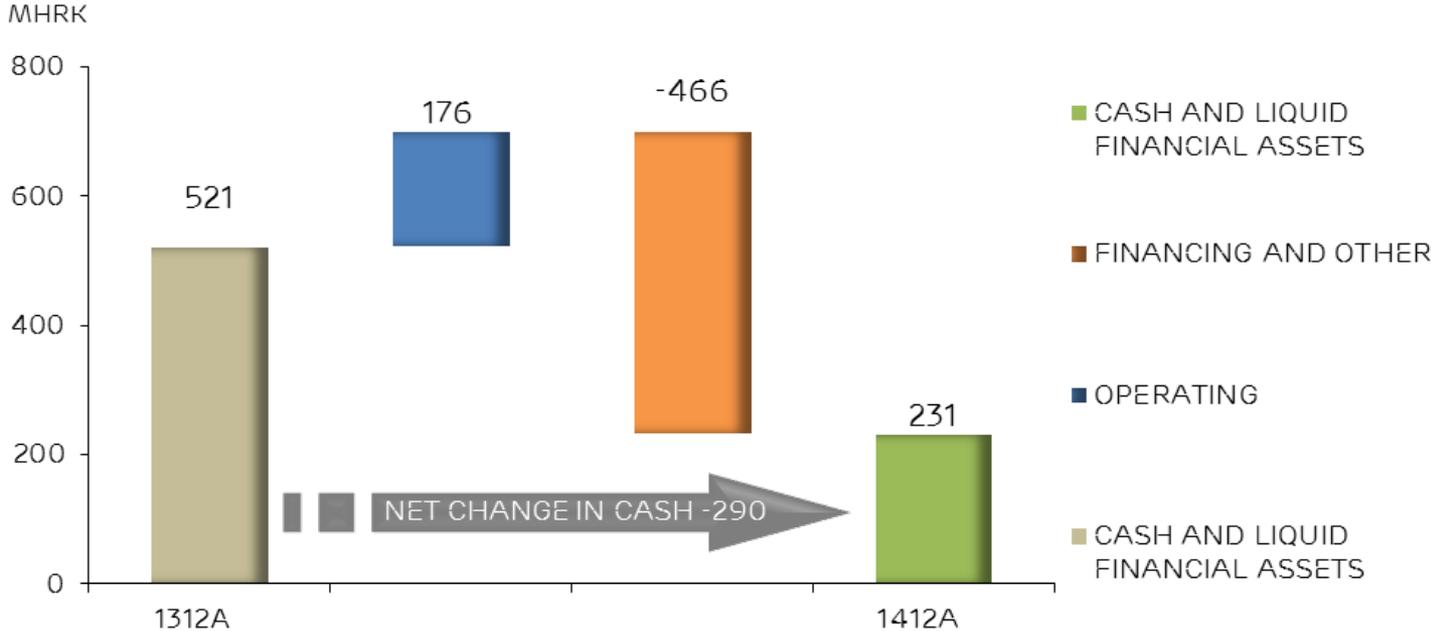


BALANCE SHEET



MHRK	DECEMBER 31, 2014	DECEMBER 31, 2013	YOY CHANGE
NON-CURRENT ASSETS	160,4	152,6	5%
PROPERTY, PLANT AND EQUIPMENT	135,7	131,6	3%
INTANGIBLE ASSETS	5,5	2,1	160%
LOANS AND RECEIVABLES	19,2	18,8	2%
EQUITY SECURITIES	0,0	0,0	0%
CURRENT ASSETS	539,2	895,5	-40%
INVENTORIES	30,9	51,5	-40%
SHORT-TERM RECEIVABLES	275,2	321,7	-14%
PREPAYMENTS AND ACCRUED INCOME	2,0	1,2	69%
CASH AND CASH EQUIVALENTS	231,0	521,2	-56%
TOTAL ASSETS	699,6	1.048,1	-33%
TOTAL EQUITY	335,5	671,1	-50%
TOTAL LIABILITIES	364,1	377,0	-3%
LONG-TERM LIABILITIES	14,6	4,8	206%
SHORT-TERM LIABILITIES	349,5	372,2	-6%
TOTAL EQUITY AND LIABILITIES	699,6	1.048,1	-33%

CHANGE IN LIQUID ASSETS



FOCUS AREAS

STABLE PROFITABILITY

CONTINUOUS FOCUS ON SG&A
EXPENSE LEVELS

HIGH CASH CONVERSION AND
WORKING CAPITAL EFFICIENCY

STRATEGIC FINANCING AND
FUNDING EVALUATED

RISK MANAGEMENT POLICY
AND DIRECTIVES TIGHTENED





ERICSSON