

ERICSSON LM TELEPHONE CO

Form 6-K

February 05, 2014

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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

February 5, 2014

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LM ERICSSON (PUBL) AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.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: **February 5, 2014**

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ERICSSON fourth 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 and to be part thereof from the date on which this report is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.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 fourth quarter and full year report 2013, adjusted for registration statement on Form F-3 (No. 333-180880).

JANUARY 30, 2014

FOURTH QUARTER HIGHLIGHTS

Sales of SEK 67.0 b., flat YoY.

Operating income incl. JV of SEK 9.1 (-3.8) b. with operating margin of 13.5% (-5.7%), including a one-time charge of SEK -0.4 b. related to the acquisition of Airvana

Net income SEK 6.4 (-6.3) b.

Successfully closed an IPR cross license agreement with Samsung on FRAND terms. Impact on net sales of SEK 4.2 b., on operating income of SEK 4.2 b. and on net income of SEK 3.3 b. included in all numbers.

EPS diluted SEK 1.97 (-1.99).

Cash flow from operating activities of SEK 14.6 (15.7) b.

Segment Modems was consolidated as of October 1, 2013

FULL YEAR HIGHLIGHTS

Sales of SEK 227.4 b., flat YoY.

Operating income incl. JV was SEK 17.8 (10.5) b. with an operating margin of 7.8% (4.6%).

Net income SEK 12.2 (5.9) b.

All numbers include effects of the IPR cross license agreement with Samsung with impact on net sales of SEK 4.2 b., on operating income of SEK 4.2 b. and on net income of SEK 3.3 b.

EPS diluted SEK 3.69 (1.78).

Cash flow from operating activities of SEK 17.4 (22.0) b.

Proposed dividend for 2013 of SEK 3.00 (2.75) per share.

SEK b.	Q4 2013	Q4 2012	YoY Change	Q3 2013	QoQ Change	Full year 2013	Full year 2012 ¹⁾	Full year Change
Net sales	67.0	66.9	0%	53.0	27%	227.4	227.8	0%
<i>Of which Networks</i>	34.8	35.3	-1%	26.7	30%	117.7	117.3	0%
<i>Of which Global Services</i>	27.2	28.0	-3%	24.0	13%	97.4	97.0	0%
<i>Of which Support Solutions</i>	5.1	3.6	41%	2.4	117%	12.2	13.5	-9%
<i>Of which Modems</i>	0.0					0.0		
Gross margin	37.1%	31.1%		32.0%		33.6%	31.6%	
Operating income excl JV	9.1	4.8	90%	4.3	112%	18.0	22.2	-19%
Operating margin excl JV	13.5%	7.1%		8.1%		7.9%	9.7%	
<i>Networks</i>	17%	8%		10%		10%	6%	
<i>Global Services</i>	8%	6%		8%		6%	6%	
<i>Support Solutions</i>	37%	8%		-5%		12%	9%	
Operating income incl JV	9.1	-3.8 ³⁾		4.2	115%	17.8	10.5 ³⁾	71%
Operating margin incl JV	13.5%	-5.7%		8.0%		7.8%	4.6%	
Net income	6.4	-6.3 ²⁾		3.0	114%	12.2	5.9 ³⁾	105%
EPS diluted, SEK	1.97	-1.99		0.90	119%	3.69	1.78	107%
Cash flow from operating activities	14.6	15.7	-7%	1.5		17.4	22.0	-21%
Net cash ³⁾ , end of period	37.8	38.5	-2%	24.7	53%	37.8	38.5	-2%

1) Including gain from divestment of Sony Ericsson of SEK 7.7 b

2) Including a charge related to ST-Ericsson of SEK -8.0 b

3) Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 37.

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Comments from Hans Vestberg, President and CEO

I am pleased that we have successfully closed the IPR cross-licensing agreement with Samsung. Our industry is built on scale and a strong tradition of sharing technologies through licensing on fair, reasonable and non-discriminatory (FRAND) terms. The agreement shows the value of our R&D investments and enables both companies to continue to innovate and bring new technologies to the market, says Hans Vestberg, President and CEO of Ericsson (NASDAQ:ERIC).

Our focus on profitability started to pay off and operating margin for the group gradually improved in 2013, despite significant currency headwind, driven primarily by improvements in Networks and Network Rollout.

The business mix, with a higher share of coverage projects than capacity projects, started to shift towards more capacity during the year. As anticipated, sales came under some pressure during the quarter. As previously communicated, the major reason behind this development is the two large mobile broadband coverage projects, which peaked in North America in the first half of 2013 and the impact from reduced activity in Japan.

While executing on the large rollout projects in the US, we have also strengthened our professional services position and capabilities. For the full year Global Services accounted for the majority of the region's sales and we are today the market leader in both telecom services and mobile infrastructure in one of the world's most advanced and dynamic ICT markets.

The LTE tenders in China continue and so far the two major operators that have made their vendor selections have chosen Ericsson. During the quarter, sales in China improved as a result of deliveries to the ongoing mobile broadband coverage projects.

In the fourth quarter Ericsson continued to grow in some of its European key markets. During the last years we have strengthened our position in Europe through the network modernization projects. These projects have been delivered according to plan and the major part of the negative margin impact from these projects is now behind us. Over time, we expect the telecom industry in Europe to improve driven by macroeconomic development and a recent investment announcement made by one of the large operators.

During 2013 Ericsson executed on a number of strategic initiatives to both manage the ongoing technology transition in the industry and to transform the company for future business opportunities. We have solidified our core business as well as taken important steps to build a leadership position in new and targeted key areas. This includes consolidating the modems business and the acquisition of the IPTV business Mediaroom from Microsoft. We will gradually increase resource and capital allocation in these areas as well as in IP, Cloud, OSS and BSS.

The long-term fundamentals in the industry remain attractive and with our ongoing strategic initiatives we are well positioned to continue to support our customers in a transforming ICT market.

We have worked diligently to improve working capital and we ended the year with a strong cash flow of SEK 17.4 (22.0) b. and a full-year cash conversion of 79%, above the target of 70%, giving Ericsson a solid balance sheet to continue to execute on our strategy. The Board of Directors proposes a dividend for 2013 of SEK 3.00 (2.75) per share, an increase by 9%, concludes Vestberg.

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Financial highlights

INCOME STATEMENT**IMPACT OF SAMSUNG IPR AGREEMENT**

On January 27, 2014, Ericsson and Samsung reached an agreement on global patent licenses between the two companies. The cross license agreement covers patents relating to GSM, UMTS, and LTE standards for both networks and handsets.

The agreement includes an initial payment and ongoing royalty payments from Samsung to Ericsson for the term of the new multi-year license agreement.

The initial payment contributed to net sales with SEK 4.2 b., operating income of SEK 4.2 b. and net income of SEK 3.3 b. in the fourth quarter. Ericsson expects that the initial payment will impact Ericsson's operating cash flow in the beginning of 2014. This specific agreement impacts Segments Networks and Support Solutions. Numbers excluding the Samsung agreement:

SEK b. (excl Samsung agreement)	Q4 2013	Full year 2013
Net sales	62.8	223.2
<i>Of which Networks</i>	31.8	114.8
<i>Of which Global Services</i>	27.2	97.4
<i>Of which Support Solutions</i>	3.8	11.0
<i>Of which Modems</i>	0.0	0.0
Gross margin	32.9%	32.3%
Operating income excl JV	4.9	13.8
Operating margin excl JV	7.7%	6.2%
<i>Networks</i>	9%	7%
<i>Global Services</i>	8%	6%
<i>Support Solutions</i>	16%	2%
Operating income incl JV	4.9	13.6
Operating margin incl JV	7.7%	6.1%
Net income	3.2	8.9
EPS diluted, SEK	0.96	2.68

FOURTH QUARTER

The Samsung agreement impacted sales by SEK 4.2 b. Sales increased in China and Russia, while Networks sales in North America and overall sales in Japan declined. CDMA sales in North America, as well as GSM sales in China, continued to decline.

Including the Samsung agreement, reported sales increased, 27% QoQ. Mobile broadband deliveries in China increased, while there were lower project activities in North America and Japan.

Licensing revenues grew in the quarter both YoY and QoQ, also excluding the Samsung agreement.

Restructuring charges amounted to SEK 1.0 (1.7) b., mainly driven by continued execution of the service delivery strategy.

Gross margin increased YoY to 37.1% (31.1%), due to the Samsung agreement, reduced negative effect from network modernization projects in Europe and continued business mix improvements. The QoQ gross margin improvement from 32.0% was driven by the same factors. Large LTE coverage projects in China impacted hardware margins negatively. The share of services sales was 41% (42%), a decline by -4%-points QoQ.

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Total operating expenses amounted to SEK 16.1 (16.4) b. Operating expenses, excluding the added modems business, the one-time charge related to the acquisition of Airvana, the acquired Mediaroom operations and restructuring charges, were down -6% YoY and R&D expenses, adjusted for the same items, were down -9%. The modems business added cost of SEK -0.5 b. and the one-time charge related to Airvana amounted to SEK -0.4 b.

R&D expenses amounted to SEK 8.9 (9.2) b. and selling, general and administrative expenses (SG&A) amounted to SEK 7.2 (7.1) b.

Other operating income and expenses were flat YoY and amounted to SEK 0.3 b. The re-evaluation effect for new hedges taken in 2013 was SEK 0.1 b. For these new hedges hedge accounting is not applied (see Accounting Policies). In the third quarter there was a positive re-evaluation effect for new hedges of SEK 0.8 b.

Operating income, including JV, increased to SEK 9.1 (-3.8) b. The fourth quarter 2012 included a non-cash charge related to ST-Ericsson of SEK -8.0 b. Operating margin, including JV, was 13.5% (-5.7%). Currency had an overall negative impact on operating income YoY.

Financial net amounted to SEK -0.1 (-0.1) b. and declined QoQ from SEK 0.1 b., mainly related to foreign exchange currency revaluation effects. Tax costs were SEK -2.5 (-2.4) b.

Net income increased to SEK 6.4 (-6.3) b. The Samsung agreement had a positive effect of SEK 3.3 b.

EPS diluted was SEK 1.97 (-1.99).

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FULL YEAR

Full year reported sales were flat and amounted to SEK 227.4 (227.8) b. During the year sales were negatively impacted by strong currency headwind and lower sales in North East Asia, driven by lower GSM investments in China combined with lower project activity in Japan and South Korea. In North America the CDMA sales declined by -50% to SEK 4.2 (8.4) b.

Revenues for IPR and licensing were SEK 10.6 (6.6) b. the Samsung agreement contributed with SEK 4.2 b.

With a large share of coverage projects in the beginning of the year and with slightly improved business mix from the second quarter, the commodity mix remained stable compared to last year. Software represented 24% (23%), hardware 34% (35%) and services 42% (42%) of total sales in 2013.

Restructuring charges amounted to SEK 4.5 (3.4) b., mainly related to continued execution of the service delivery strategy and headcount reductions in Sweden. The proactive work to drive efficiency and cost reductions continues.

Gross margin increased for the full year to 33.6% (31.6%), due to the agreement with Samsung, reduced negative effect from network modernization projects in Europe and improved business mix. The Global Services share of Group sales was flat at 43%.

Total operating expenses were basically flat and amounted to SEK 58.5 (58.9) b. During the fourth quarter expenses related to the modem business added SEK -0.5 b. to operating expenses. A one-time charge related to the acquisition of Airvana impacted the operating expenses negatively by SEK -0.4 b. Excluding restructuring charges, the operating expenses were down -2% compared to 2012. R&D expenses amounted to SEK 32.2 (32.8) b. and selling, general and administrative expenses (SG&A) amounted to SEK 26.3 (26.0) b.

During 2014, R&D expenses, excluding expenses related to Modems, Mediaroom and restructuring, are expected to increase somewhat, mainly due to investments in IP.

Other operating income and expenses decreased to SEK 0.1 (9.0) b. During the year, one-time charges related to the divestment of ACS and the exiting of the telecom and power cable operations of SEK -0.9 b. impacted other operating income negatively. For new hedges taken in 2013 hedge accounting is not applied. The total re-evaluation effect for 2013 hedges on other operating income was SEK 0.5 b. In 2012, other operating income included a gain related to the divestment of Sony Ericsson of SEK 7.7 b. and to Multimedia brokering (IPX) of SEK 0.2 b.

Ericsson's share in earnings of JV and associated companies was SEK -0.1 (-11.7) b. In 2012 a non-cash charge of SEK -8.0 b. related to ST-Ericsson was made.

Operating income, including JV, increased to SEK 17.8 (10.5) b., positively impacted by improved gross margin and no negative effect from ST-Ericsson. Operating income was negatively impacted by one-time charges of SEK -1.3 b. related to the divestment of ACS, the exiting of the telecom and power cable operations and the acquisition of Airvana. Operating margin, including JV, was 7.8% (4.6%). Operating income including JV and excluding the Samsung agreement was SEK 13.6 b. with an operating margin of 6.1%. 2012 included a gain of SEK 7.7 b. related to the divestment of Sony Ericsson.

Financial net amounted to SEK -0.7 (-0.3) b. The difference is mainly attributable to lower interest net as an effect of lower interest rates during 2013 compared to in 2012.

The tax rate for 2013 was 29% compared to 42% in 2012, positively impacted by product and market mix and the change in corporate tax rate in Sweden. Tax costs were SEK -4.9 (-4.2) b.

Net income increased to SEK 12.2 (5.9) b., positively impacted by the Samsung agreement by SEK 3.3 b.

EPS diluted was SEK 3.69 (1.78).

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BALANCE SHEET AND OTHER PERFORMANCE INDICATORS FOURTH QUARTER

FOURTH QUARTER

All comparisons relating to balance sheet items are QoQ.

Trade receivables increased to SEK 71.0 (64.9) b. driven by QoQ sales increase and the Samsung agreement.

Inventory decreased to SEK 22.8 (28.1) b., positively impacted by improved business mix and efficiency measures.

Cash, cash equivalents and short-term investments amounted to SEK 77.1 (60.7) b. The *net cash position increased by SEK 13.1 b. to SEK 37.8 (24.7) b., primarily due to higher earnings and improved working capital.

In November, a USD 684 million European Investment Bank (EIB) loan was disbursed. The loan agreement was signed in October 2012 and the loan supports Ericsson's R&D. The loan will mature in November 2020. The existing SEK 4 b. loan, with original maturity in July 2015, was repaid in January 2014.

During the quarter, approximately SEK 1.4 b. of provisions was utilized, of which SEK 0.3 b. were related to restructuring. Additions of SEK 0.9 b. were made, of which SEK 0.4 b. related to restructuring. Reversals of SEK 0.6 b. were made. Cash outlays of SEK 1.3 b. remain to be made from the restructuring provision.

Cash flow from operating activities was SEK 14.6 (15.7) b. YoY with no impact from the Samsung agreement.

The total number of employees increased QoQ to 114,340 (113,989).

FULL YEAR

Compared to December 31, 2012, trade receivables increased from SEK 63.7 b. to 71.0 b. mainly due to the Samsung agreement. Days sales outstanding (DSO) increased from 86 to 97 days.

Inventory decreased from SEK 28.8 b. to 22.8 b., positively impacted by improved business mix and efficiency measures.

Inventory turnover days (ITO) improved from 73 to 62 days. Accounts payable days decreased from 57 to 53 days.

During the year, Ericsson concluded the following refinancing activities to extend the average debt maturity profile:

In June, a EUR 313 million bond was repaid

In June, Ericsson refinanced a USD 2 b. Revolving Credit Facility (RCF). The new facility is a five year facility with two one-year extension options

In November, a USD 684 million European Investment Bank (EIB) loan was disbursed. The loan agreement was signed in October 2012 and the loan supports R&D activities. The loan will mature in November 2020. A SEK 4 b. EIB loan, with original maturity in July 2015, was repaid in January 2014.

Provisions amounted to SEK 5.4 (8.6) b. by end of the year. The reduction was mainly due to utilization of the 2012 ST-Ericsson provision.

Cash flow from operations was positive at SEK 17.4 (22.0) b. driven by improved working capital. There was no impact on cash flow from the Samsung agreement.

* Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 37

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Cash, cash equivalents and short-term investments amounted to SEK 77.1 (76.7) b. The *net cash position decreased from SEK 38.5 b to 37.8 b. Cash conversion for the full year 2013 ended at 79%.

Capital expenditures amounted to SEK 4.5 b., 2% of net sales. Annual capital expenditures are normally around 2% of sales. This corresponds to the needs for keeping and maintaining current capacity level, including the introduction of new technology and methods.

For the full year, the net number of employees increased by 4,085 to 114,340 (110,255), of which

3,293 in services and 741 in R&D. In 2013, 5,377 people joined Ericsson through acquisitions and through managed services contracts. At the same time approximately 12,000 employees left Ericsson, reflecting natural attrition rate and ongoing company transformation.

The Board of Directors proposes a dividend for 2013 of SEK 3.00 (2.75), reflecting earnings and balance sheet structure in 2013, as well as coming years' business plans and expected economic development, in accordance with Ericsson's dividend policy.

* Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 37

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Segment results

NETWORKS

SEK b.	Q4 2013	Q4 2012	YoY Change	Q3 2013	QoQ Change	Full year 2013	Full year 2012	Change
Network sales	34.8	35.3	-1%	26.7	30%	117.7	117.3	0%
Operating income	5.9	2.8	108%	2.6	129%	11.3	7.1	60%
Operating margin	17%	8%		10%		10%	6%	

FOURTH QUARTER

As previously communicated, lower sales in North America and Japan, where large mobile broadband coverage projects are coming to an end, had a negative impact on sales. Coverage projects in China and Russia did not fully offset this decrease. GSM investments in China, CDMA and circuit-switched core continued their structural decline following operators' transition to LTE. CDMA sales declined -57% YoY and increased 16% QoQ to SEK 1.1 b. The Samsung agreement added sales of SEK 2.9 b.

Sales in North East Asia, Latin America and Middle East showed a strong development QoQ.

The demand for the multi-application router, SSR 8000, continues. 96 SSR contracts have been signed to date, of which 18 new in the quarter, including six for fixed networks. As operators are preparing for Voice over LTE (VoLTE), including video communication and other service enhancements, the need for upgrades in the legacy voice network is increasing.

Operating margin increased to 17% (8%) driven by the Samsung agreement, improved business mix, positive effects from cost adaptations and portfolio streamlining. During the quarter the European network modernization projects continued to improve and were not dilutive to margins. Lower sales, negative currency effects and a one-time charge of SEK -0.4 b., related to the Airvana acquisition, impacted operating margin negatively. Excluding the Samsung agreement, operating margin was 9%.

Restructuring charges amounted to SEK -0.3 (-0.9) b.

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FULL YEAR

Increased sales in Latin America, Europe and the Middle East were partly offset by lower sales in North America, where CDMA related sales declined by -50%. North East Asia sales declined as an effect of lower project activities in Japan and South Korea and lower GSM investments in China. At the end of the year there was solid demand for our IMS and data layered architecture UDC (User Data Consolidation). However, this was not enough to offset the continued structural decline in circuit-switched core.

Operators' focus on improving network performance and new service opportunities were the main drivers

for LTE and mobile broadband investments throughout the year. The positive customer feedback on the new small-cell product Radio Dot System is a demonstration of our innovation leadership.

Operating margin gradually improved during the year and ended at 10% (6%) for the full year. This was a result of the Samsung agreement, reduced negative effect from network modernization projects in Europe, improved business mix and strong focus on improving profitability. Restructuring charges amounted to SEK -2.2 (-1.3) b. This was primarily related to reductions of operations in Sweden and dismantling of the CDMA operations. Operating margin excluding the Samsung agreement was 7%.

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SEK b.	Q4 2013	Q4 2012	YoY Change	Q3 2013	QoQ Change	Full year 2013	Full year 2012	Change
Global Services sales	27.2	28.0	-3%	24.0	13%	97.4	97.0	0%
<i>Of which Professional Services</i>	18.8	18.9	-1%	16.2	16%	66.4	67.1	-1%
<i>Of which Managed Services</i>	6.6	6.8	-3%	6.3	5%	25.5	25.2	1%
<i>Of which Network Rollout</i>	8.4	9.2	-8%	7.7	8%	31.0	30.0	4%
Operating income	2.1	1.8	18%	1.8	15%	6.2	6.2	-1%
<i>Of which Professional Services</i>	2.6	2.8	-5%	2.3	15%	9.0	9.1	-1%
<i>Of which Network Rollout</i>	-0.5	-1.0	46%	-0.5	-15%	-2.8	-2.9	1%
Operating margin	8%	6%		8%		6%	6%	
<i>Professional Services</i>	14%	15%		14%		14%	14%	
<i>Network Rollout</i>	-6%	-11%		-6%		-9%	-10%	

FOURTH QUARTER

Demand for consulting and systems integration services was strong in the quarter as operators focus on improving network performance and increasing their operational efficiency. Network Rollout sales continued to decline as a result of lower coverage project activity.

Global Services sales growth QoQ was driven by Professional Services, where Consulting and System Integration as well as Network Design and Optimization showed strong development.

Global Services operating margin improved YoY to 8% (6%), primarily due to higher Network Rollout margins. However, Network Rollout margin continued to be negative in the quarter mainly due to the network modernization projects in Europe. Professional Services showed stable margin at 14% (15%).

Restructuring charges amounted to SEK -0.6 (-0.6) b.

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Reported sales for Global Services were flat in comparison to a strong 2012. Network Rollout reported sales grew 4% driven by high coverage project activities, primarily in North America. Professional Services sales grew, adjusted for FX, supported by strong development in region North America and India.

Global services operating margin was 6% (6%). Network Rollout margin gradually improved during the year due to the declining dilutive effect from the European network modernization projects as well as the ongoing efficiency programs. Professional Services operating margin was 14% (14%).

Restructuring charges amounted to SEK -2.0 (-1.9) b. for the full year.

There is a growing momentum for IT-related business in the market. With acquisitions such as TeleOss (Thailand), Devoteam (France) and TelcoCell (Canada) Ericsson has further strengthened its capabilities and market position. Currently there is 16,000 Consulting and Systems Integration professionals.

Other information	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Full year 2013
Number of signed Managed Services contracts	25	19	19	21	84
<i>Of which expansions/extensions</i>	10	8	5	8	31
Number of signed significant consulting & systems integration contracts ¹⁾	9	6	8	8	31
Number of subscribers in networks managed by Ericsson, end of period ²⁾	1 b.	1 b.	1 b.	~ 950 m.	1 b.
<i>Of which in network operations contracts</i>	600 m.	600 m.	600 m.	550 m.	600 m.
Number of Ericsson services professionals, end of period	64,000	64,000	64,000	61,000	64,000

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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SEK b.	Q4 2013	Q4 2012	YoY Change	Q3 2013	QoQ Change	Full year 2013	Full year 2012	Change
Support Solutions sales	5.1	3.6	41%	2.4	117%	12.2	13.5	-9%
Operating income	1.9	0.3		-0.1		1.5	1.2	27%
Operating margin	37%	8%		-5%		12%	9%	

FOURTH QUARTER

Sales QoQ increased 117% driven by the Samsung agreement, the acquired Mediaroom business this in combination with strong software license revenue. The Samsung agreement added sales of SEK 1.3 b.

Segment sales are characterized by the fluctuations between quarters in software volumes. This, in combination with investments in the next generation of cloud-adopted solutions, and the high proportion of fixed costs in software business creates uneven distributed margins that is impacted by the variation in sales volumes.

Operating margin increased YoY to 37% (8%) positively impacted by the Samsung agreement. Operating margin excluding the Samsung agreement was 16% as a result of high software license sales, portfolio streamlining and efficiencies.

Operating margin increased QoQ, driven by the Samsung agreement and higher sales volumes.

FULL YEAR

The development was primarily driven by portfolio changes and decline in sales of TV compression technology while OSS and BSS showed stable development. The Samsung agreement had an overall positive impact on sales.

Operating margin increased to 12% (9%) due to the Samsung agreement. Lower sales and a charge of SEK -0.3 b. related to the divestment of ACS had a negative impact on margin.

Demand for OSS and BSS continued to be strong. Customer interest to partner with vendors that can address an end-to-end suite of OSS and BSS solutions increased. The overall segment is positively impacted by growth in mobile broadband as this requires improved user experience. With its complete OSS and BSS offerings Ericsson is well positioned to take on the role.

During the year, the acquisition of Microsoft's TV solution business Mediaroom was completed, strengthening Ericsson's position in the growing TV and media management market. Service providers increasingly have premium content as part of their overall mix, fueled by TV-on demand and multiscreen. Content anywhere, anytime and on any device is a trend that drives growth together with increasing access to content and bundled packages. This is one of the main drivers of the sharp increase of video traffic in the networks. As a consequence, service providers and network owners need solutions to make networks video centric and efficient for video delivery.

The number of subscriptions served by Ericsson's charging and billing solutions was 2.1 billion at the end of the year.

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SEK b.	Q4 2013	Q4 2012	YoY Change	Q3 2013	QoQ Change	Full year 2013	Full year 2012	Change
Modems sales	0.0					0.0		
Operating income	-0.5					-0.5		
Operating margin								

FROM ST-ERICSSON TO SEGMENT MODEMS

ST-Ericsson was created in 2008 as a joint venture between Ericsson and STMicroelectronics. Early 2013 the parents agreed to split up and close the joint venture.

Ericsson decided to take over the design, development and sales of the thin LTE multi-mode modem solutions as it is seen as an important part for the Ericsson vision of 50 billion connected devices in the Networked Society. The ambition is to be among the top three suppliers in the thin-modem market.

The company ST-Ericsson is winding down and all businesses have been transferred to parents or divested. In 2012 Ericsson made a provision of SEK 3.3 b., related to the ongoing implementation of strategic options at hand.

Ericsson now has a highly focused thin-modem operation with industry-leading technology and intellectual property. A new segment was established as of October 1, 2013, and the modems business is now consolidated into Ericsson.

FOURTH QUARTER

Segment Modems generated an operating loss of SEK 0.5 b. in the quarter, primarily related to R&D expenses. In the quarter the new product M7450 was released for commercial use and the work with OEMs is ongoing to get M7450 based products on the market. Chipset production has started.

Operating expenses for the modems business in 2014 is estimated to approximately SEK 2.6 b.

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Regional sales overview

SEK b.	Fourth quarter 2013				Change		Full year	Change
	Global	Support			YoY	QoQ	2013	
	Networks	Services	Solutions	Total				
North America	5.3	7.4	1.0	13.8	-19%	-5%	59.3	5%
Latin America	3.5	2.9	0.3	6.7	4%	27%	22.0	0%
Northern Europe and Central Asia	2.3	1.3	0.1	3.7	23%	25%	11.6	2%
Western and Central Europe	2.1	2.9	0.2	5.2	-4%	19%	18.5	6%
Mediterranean	2.9	3.9	0.3	7.1	0%	25%	24.2	4%
Middle East	3.0	2.3	0.6	5.9	17%	35%	17.4	12%
Sub-Saharan Africa	1.3	1.1	0.2	2.6	-28%	-4%	10.0	-11%
India	1.2	0.7	0.1	2.0	23%	54%	6.1	-5%
North East Asia	6.0	2.5	0.2	8.6	-16%	43%	27.4	-24%
South East Asia and Oceania	2.4	1.7	0.2	4.3	-5%	18%	15.8	5%
Other ¹⁾	4.8	0.4	2.0	7.2	141%	226%	15.0	22%
Total	34.8	27.2	5.1	67.0	0%	27%	227.4	0%

¹⁾ 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

Networks sales continued to decline QoQ as a result of the two large mobile broadband coverage projects which peaked in first half of 2013. However, business fundamentals remain positive. Increased smartphone penetration, mobile broadband consumption and 4G device lineup remain drivers for network expansion. Network evolution has driven strong professional services business.

Networks sales declined for the full year with a strong first half while second half was weaker as a result of the two large mobile broadband coverage projects that peaked in the first half of 2013. While executing on the large rollout projects in the US, Ericsson has also strengthened its professional services position and capabilities. For the full year Global Services accounted for the majority of the region's sales.

Latin America

Sales increased in the quarter driven by operator investments in 3G network quality and LTE rollouts.

LTE deployments ramped up after a slow start and together with 3G network quality investments drove sales growth for the full year 2013. However, macroeconomic development in mainly Brazil and Mexico continued to slow down during the year.

Northern Europe and Central Asia

Sales growth YoY and QoQ was driven by 2G/3G/4G equipment sales and deployments in Russia. Professional Services developed well following increased network quality focus across the region.

Full year sales growth was mainly driven by Networks sales in Russia. Operators continued to show high interest in OSS and BSS.

Western and Central Europe

In the quarter network modernization projects progressed according to plan and LTE deployment to the installed base continued.

The full year sales growth was driven by network modernization projects in several countries and also by a high activity level in managed services.

Mediterranean

Modernization projects in France and LTE deployments in Spain offset lower investments in Italy, resulting in stable sales YoY.

Sales in 2013 grew, driven by 3G deployments in Northwest Africa and modernization projects.

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Middle East

Sales grew both YoY and QoQ. LTE is being deployed in the region but still represents a small share of Networks 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.

Sales for the full year grew, driven by increased investments in mobile broadband.

Sub-Saharan Africa

Operators continue to focus on improving capacity on 2G and 3G networks to improve quality of services. However, sales were negatively impacted by reduced deployment pace in Nigeria and South Africa. Professional services growth is fueled by continued good demand for managed services.

For the full year 2013 sales volumes came from 2G and 3G deployment and managed services, although the deployment pace slowed down in the fourth quarter. Long-term industry fundamentals remain positive as mobile broadband and smartphone penetration is still at low levels.

India

Sales grew both YoY and QoQ mainly due to network capacity increases with one recently signed contract. During 2014 uncertainty is expected to remain until spectrum auctions are completed and the presidential election period is concluded.

For the full year 2013, sales were negatively impacted by poor macroeconomic environment and delays in regulatory legislation. Global Services grew largely due to an increase in Managed Services.

North East Asia

Sales declined YoY. Japan continued to be negatively impacted by currency and reduced activity as completion of a major project is getting closer. During the quarter, sales in China improved as a result of deliveries to the ongoing mobile broadband coverage projects, contributing to growth QoQ.

Sales for the full year declined. Japan was negatively impacted by currency and reduced activity. GSM in China structurally declined whilst LTE deployments commenced in the fourth quarter. In Japan, KDDI has selected Ericsson as one of the prime vendors to deploy its LTE system and evolved packet core network.

South East Asia and Oceania

Sales in the region declined YoY as a result of certain major projects which peaked in Australia and Indonesia during the fourth quarter of 2012. Sales grew sequentially in all segments as a result of 3G coverage and capacity projects as well as increased activities in BSS and TV and Media.

Sales grew in 2013 with 3G deployments in Thailand and LTE deployments in Singapore and Australia. In Indonesia major capacity projects were finalized. Smartphone penetration continues to increase from a low level.

Other

Sales were strong YoY, positively impacted by the Samsung agreement. Sales were negatively impacted by the exit from the telecom and power cable business which had a negative impact on YoY comparison. Licensing revenues grew in the quarter both YoY and QoQ, also excluding the Samsung agreement.

Full year sales increased positively impacted by the Samsung agreement but negatively impacted by the divestment of IPX in Q312 and the exit of the telecom and power cable business. Sales of broadcast services, telecom cables, power modules and other businesses are also included in Other .

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Parent company information

Income after financial items was SEK 7.2 (-4.9) b.

Major changes in the Parent Company's financial position for the year; increased cash, cash equivalents and short-term investments of SEK 1.1 b, decreased current and non-current receivables from subsidiaries of SEK 7.1 b and decreased current and non-current liabilities to subsidiaries of SEK 5.2 b. At the end of the quarter, cash, cash equivalents and short-term investments amounted to SEK 58.5 (57.4) b. During the quarter LME signed a loan of USD 0.7 b. with the European Investment Bank (EIB). During the year, a dividend payment of SEK 8.9 b., was made.

In accordance with the conditions of the long-term variable compensation program (LTV) for Ericsson employees, 2,974,951 shares from treasury stock were sold or distributed to employees during the fourth quarter. The holding of treasury stock at December 31, 2013, was 73,968,178 Class B shares.

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Dividend, AGM and annual report

Dividend proposal

The Board of Directors will propose to the Annual General Meeting a dividend of SEK 3.00 (2.75) per share, representing some SEK 9.9 (8.9) b., and April 16, 2014, as the record day for payment of dividend. The dividend is reflecting 2013 year s earnings and balance sheet structure, as well as coming years business plans and expected economic development.

Ericsson Annual General Meeting

The Annual General Meeting of shareholders will be held on April 11, 2014, 15.00 (CET) at Stockholm Waterfront Congress Centre, Stockholm, Sweden.

Annual Report

The annual report will be made available on our website www.ericsson.com and at the Ericsson headquarters, Torshamnsgatan 21, Kista, Stockholm, Sweden, during the first weeks of March.

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Other information

Patent infringement lawsuit against Micromax

In March 2013, Ericsson filed a patent infringement lawsuit in the Indian Delhi High Court against Micromax, seeking damages and an injunction. Ericsson alleged that Micromax products, compliant with the 2G/3G standard, infringe eight of Ericsson's Indian patents. Ericsson had before that made numerous attempts to sign a license agreement with the company on Fair, Reasonable and Non-discriminatory (FRAND) terms. As part of its defense, Micromax filed in November 2013 a complaint with the Competition Commission of India (CCI) and the CCI has decided to refer the case to the Director General's Office for an in-depth investigation.

Hexatronic acquires Ericsson's telecom cable business in Hudiksvall

On December 1, 2013, Ericsson finalized the divestment of its telecom cable business in Hudiksvall, Sweden, to Hexatronic. The divestment was made pursuant to an agreement that was signed between the two companies on October 31, 2013. The divestment is made as a business transfer and the new company within the Hexatronic Group will be named Hexatronic Cables & Interconnect Systems AB.

85 former Ericsson employees were transferred to Hexatronic and will work within the fiber- and submarine cables business and an additional 30 employees within the production of interconnect until it is finalized.

Samsung litigation and agreement

In November 2012, Ericsson filed two patent infringement lawsuits in the US District Court for the Eastern District of Texas against Samsung. Ericsson sought damages and an injunction. Ericsson also asked the Court to adjudicate 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. In March 2013, Samsung filed its answers and counterclaims in the Ericsson suits (above) in Texas, USA.

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

Initial determinations in both ITC investigations were expected in late January 2014.

On January 27, 2014, Ericsson announced that an agreement had been signed with Samsung on global patent licenses between the two companies. The cross license agreement covers patents relating to GSM, UMTS, and LTE standards for both networks and handsets.

Ericsson is committed to licensing its standard-essential patents on fair, reasonable and non-discriminatory (FRAND) terms for the benefit of the industry. It believes that licensing according to FRAND principles strikes the appropriate balance between incentivizing companies to innovate and contribute technology to open standards and maintaining the overall royalty rates at a reasonable level to allow new entrants access to the market.

The agreement ends the complaints made by both companies against each other before ITC as well as the lawsuits before the U.S. District Court for the Eastern District of Texas.

The agreement includes an initial payment and ongoing royalty payments from Samsung to Ericsson for the term of the new multi-year license agreement.

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

During the fourth 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 876 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 fourth quarter of 2013 would be substantially lower than such gross revenues. In light of the recent international developments related to Iran, Ericsson has decided not to execute on the anticipated phase out of telecommunications infrastructure related products to customers in Iran. Ericsson intends to cautiously continue to engage with existing customers in Iran while continuously evaluating the situation.

During the fourth quarter of 2013, Ericsson's Iranian subsidiary closed the account temporarily opened in Tejarat Bank during the third quarter of 2013. The account was opened for purposes of collecting interest income earned from Tejarat Bank prior to the closing of the subsidiary's accounts with that bank in 2012 and the account was closed once the amount had been collected and transferred to an account in another bank.

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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 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;

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, January 30, 2014

Telefonaktiebolaget LM Ericsson (publ)

Org. Nr. 556016-0680

Board of Directors

Date for next report: April 23, 2014

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Auditor's Review report

Introduction

We have reviewed this report for the period January 1, 2013, to December 31, 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 International Standard on Review Engagements ISRE 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, January 30, 2014

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), January 30, 2014. An analysts, investors and media conference call will begin at 14.00 (CET).

For further information, please contact:

Helena Norrman, Senior Vice President, Communications Phone: +46 10 719 34 72

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

Telefonaktiebolaget LM Ericsson (publ)

Org. number: 556016-0680

Torshamnsgatan 23

SE-164 83 Stockholm

Phone: +46 10 719 00 00

Investors

Peter Nyquist, Vice President,

Investor Relations

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

E-mail: peter.nyquist@ericsson.com

Stefan Jelvin, Director,

Investor Relations

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

E-mail: stefan.jelvin@ericsson.com

Åsa Konnbjer, Director,

Investor Relations

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

E-mail: asa.konnbjor@ericsson.com

Rikard Tunedal, Director,

Investor Relations

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

E-mail: rikard.tunedal@ericsson.com

Media

Ola Rembe, Vice President,

External Communications

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

E-mail: media.relations@ericsson.com

Corporate Communications

Phone: +46 10 719 69 92

E-mail: media.relations@ericsson.com

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Safe harbor statement

All statements made or incorporated by reference in this release, other than statements or characterizations of historical facts, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Forward-looking statements can often be identified by words such as anticipates, expects, intends, plans, predicts, believes, seeks, estimates, may, will, should, would, potential, continue, and variations or negatives and include, among others, statements regarding: (i) strategies, outlook and growth prospects; (ii) positioning to deliver future plans and to realize potential for future growth; (iii) liquidity and capital resources and expenditure, and our credit ratings; (iv) growth in demand for our products and services; (v) our joint venture activities; (vi) economic outlook and industry trends; (vii) developments of our markets; (viii) the impact of regulatory initiatives; (ix) research and development expenditures; (x) the strength of our competitors; (xi) future cost savings; (xii) plans to launch new products and services; (xiii) assessments of risks; (xiv) integration of acquired businesses; (xv) compliance with rules and regulations and (xvi) infringements of intellectual property rights of others.

In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These forward-looking statements speak only as of the date hereof and are based upon the information available to us at this time. Such information is subject to change, and we will not necessarily inform you of such changes. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors. Important factors that may cause such a difference for Ericsson include, but are not limited to: (i) material adverse changes in the markets in which we operate or in global economic conditions; (ii) increased product and price competition; (iii) reductions in capital expenditure by network operators; (iv) the cost of technological innovation and increased expenditure to improve quality of service; (v) significant changes in market share for our principal products and services; (vi) foreign exchange rate or interest rate fluctuations; and (vii) the successful implementation of our business and operational initiatives.

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SEK million	Oct - Dec			Jan - Dec		
	2012	2013	Change	2012	2013	Change
Net sales	66,936	67,032	0%	227,779	227,376	0%
Cost of sales	-46,133	-42,171	-9%	-155,699	-151,005	-3%
Gross income	20,803	24,861	20%	72,080	76,371	6%
Gross margin (%)	31.1%	37.1%		31.6%	33.6%	
Research and development expenses	-9,247	-8,902	-4%	-32,833	-32,236	-2%
Selling and administrative expenses	-7,139	-7,223	1%	-26,023	-26,273	1%
Operating expenses	-16,386	-16,125	-2%	-58,856	-58,509	-1%
Other operating income and expenses	345	328		8,965 ¹⁾	113	
Operating income before shares in earnings of JV and associated companies	4,762	9,064	90%	22,189	17,975	-19%
Operating margin before shares in earnings of JV and associated companies (%)	7.1%	13.5%		9.7%	7.9%	
Shares in earnings of JV and associated companies	-8,565	-9	-100%	-11,731	-130	-99%
Operating income	-3,803	9,055		10,458	17,845	71%
Financial income	438	184		1,708	1,346	
Financial expenses	-512	-327		-1,984	-2,093	
Income after financial items	-3,877	8,912		10,182	17,098	68%
Taxes	-2,378	-2,468		-4,244	-4,924	
Net income	-6,255	6,444		5,938	12,174	105%
Net income attributable to:						
Stockholders of the Parent Company	-6,462	6,410		5,775	12,005	
Non-controlling interests	207	34		163	169	
Other information						
Average number of shares, basic (million)	3,219	3,230		3,216	3,226	
Earnings per share, basic (SEK) ²⁾	-2.01	1.98		1.80	3.72	
Earnings per share, diluted (SEK) ²⁾	-1.99	1.97		1.78	3.69	

STATEMENT OF COMPREHENSIVE INCOME

Oct - Dec

Jan - Dec

SEK million	2012	2013	2012	2013
Net income	-6,255	6,444	5,938	12,174
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefits pension plans incl. asset ceiling	800	983	-451	3,214
Revaluation of other investments in shares and participations				
Fair value remeasurement	4	1	6	71
Tax on items that will not be reclassified to profit or loss	0	-362	-59	-1,235
Items that may be reclassified to profit or loss				
Cash flow hedges				
Gains/losses arising during the period	602	-14	1,668	251
Reclassification adjustments for gains/losses included in profit or loss	-353	-124	-568	-1,072
Adjustments for amounts transferred to initial carrying amount of hedged items			92	0
Changes in cumulative translation adjustments	143	777	-3,947	-1,687
Share of other comprehensive income on JV and associated companies	-463	32	-486	-14
Tax on items that may be reclassified to profit or loss	-548	26	-363	179
Total other comprehensive income, net of tax	185	1,319	-4,108	-293
Total comprehensive income	-6,070	7,763	1,830	11,881
Total comprehensive income attributable to:				
Stockholders of the Parent Company	-6,284	7,704	1,716	11,712
Non-controlling interests	214	59	114	169

1) Includes gain on sale of Sony Ericsson SEK 7.7 billion in Q1 2012

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

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SEK million	Dec 31 2012	Sep 30 2013	Dec 31 2013
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenses	3,840	3,540	3,348
Goodwill	30,404	31,611	31,544
Intellectual property rights, brands and other intangible assets	15,202	13,319	12,815
Property, plant and equipment	11,493	11,230	11,433
Financial assets			
Equity in JV and associated companies	2,842	2,675	2,568
Other investments in shares and participations	386	520	505
Customer finance, non-current	1,290	1,052	1,294
Other financial assets, non-current	3,964	4,586	5,684
Deferred tax assets	12,321	11,074	9,103
	81,742	79,607	78,294
Current assets			
Inventories	28,802	28,089	22,759
Trade receivables	63,660	64,905	71,013
Customer finance, current	4,019	2,191	2,094
Other current receivables	20,065	20,198	17,941
Short-term investments	32,026	25,505	34,994
Cash and cash equivalents	44,682	35,163	42,095
	193,254	176,051	190,896
Total assets	274,996	255,658	269,190
EQUITY AND LIABILITIES			
Equity			
Stockholders' equity	136,883	132,382	140,204
Non-controlling interest in equity of subsidiaries	1,600	1,568	1,419
	138,483	133,950	141,623
Non-current liabilities			
Post-employment benefits ¹⁾	9,503	10,385	9,825
Provisions, non-current	211	268	222
Deferred tax liabilities	3,120	3,050	2,650
Borrowings, non-current	23,898	21,745	22,067
Other non-current liabilities	2,377	2,204	1,459
	39,109	37,652	36,223
Current liabilities			
Provisions, current	8,427	6,146	5,140

Borrowings, current	4,769	3,849	7,388
Trade payables	23,100	19,237	20,502
Other current liabilities ¹⁾	61,108	54,824	58,314
	97,404	84,056	91,344
Total equity and liabilities	274,996	255,658	269,190
<i>Of which interest-bearing liabilities and post-employment benefits</i>	<i>38,170</i>	<i>35,979</i>	<i>39,280</i>
<i>Of which net cash ²⁾</i>	<i>38,538</i>	<i>24,689</i>	<i>37,809</i>
Assets pledged as collateral	520	2,552	2,556
Contingent liabilities	613	606	657

- ¹⁾ *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*
- ²⁾ *Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 37*

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

SEK million	Oct - Dec		Jan - Dec	
	2012	2013	2012	2013
Operating activities				
Net income	-6,255	6,444	5,938	12,174
Adjustments to reconcile net income to cash				
Taxes	2,049	2,096	-1,140	-1,323
Earnings/dividends in JV and associated companies	8,707	138	11,769	258
Depreciation, amortization and impairment losses	2,779	2,744	9,889	10,137
Other	-366	1,101	-7,441	756
	6,914	12,523	19,015	22,002
Changes in operating net assets				
Inventories	3,418	5,337	2,752	4,868
Customer finance, current and non-current	-1,377	-163	-1,259	1,809
Trade receivables	-2,280	-4,910	-1,103	-8,504
Trade payables	1,140	860	-1,311	-2,158
Provisions and post-employment benefits	379	-1,731	-1,920	-3,298
Other operating assets and liabilities, net	7,497	2,693	5,857	2,670
	8,777	2 086	3,016	-4,613
Cash flow from operating activities	15,691	14 609	22,031	17,389
Investing activities				
Investments in property, plant and equipment	-1,326	-1 251	-5,429	-4,503
Sales of property, plant and equipment	252	179	568	378
Acquisitions/divestments of subsidiaries and other operations, net	120	-713	-2,077 ¹⁾	-2,682
Product development	-430	-182	-1,641	-915
Other investing activities	213	-1,195	1,540	-1,330
Short-term investments	-1,045	-8 262	2,151	-2,057
Cash flow from investing activities	-2,216	-11,424	-4,888	-11,109
Cash flow before financing activities	13,475	3 185	17,143	6,280
Financing activities				
Dividends paid	1	-208	-8,632	-9,153
Other financing activities	-1,609	3 746	-753	-355
Cash flow from financing activities	-1,608	3 538	-9,385	-9,508
Effect of exchange rate changes on cash	-30	209	-1,752	641
Net change in cash	11,837	6 932	6,006	-2,587
Cash and cash equivalents, beginning of period	32,845	35 163	38,676	44,682
Cash and cash equivalents, end of period	44,682	42 095	44,682	42,095

¹⁾ 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**

SEK million	Jan - Dec 2012	Jan - Dec 2013
Opening balance	145,270	138,483
Total comprehensive income	1,830	11,881
Sale/repurchase of own shares	-93	90
Stock issue	159	
Stock purchase plan	405	388
Dividends paid	-8,632	-9,153
Transactions with non-controlling interests	-456	-66
Closing balance	138,483	141,623

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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	Q4
Net sales	50,974	55,319	54,550	66,936	52,032	55,331	52,981	67,032
Cost of sales	-33,985	-37,611	-37,970	-46,133	-35,394	-37,412	-36,028	-42,171
Gross income	16,989	17,708	16,580	20,803	16,638	17,919	16,953	24,861
Gross margin (%)	33.3%	32.0%	30.4%	31.1%	32.0%	32.4%	32.0%	37.1%
Research and development expenses	-8,016	-8,097	-7,473	-9,247	-7,877	-7,747	-7,710	-8,902
Selling and administrative expenses	-6,232	-6,855	-5,797	-7,139	-6,643	-6,629	-5,778	-7,223
Operating expenses	-14,248	-14,952	-13,270	-16,386	-14,520	-14,376	-13,488	-16,125
Other operating income and expenses	7,749 ¹⁾	530	341	345	20	-1,040	805	328
Operating income before shares in earnings of JV and associated companies	10,490	3,286	3,651	4,762	2,138	2,503	4,270	9,064
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%	13.5%
Shares in earnings of JV and associated companies	-1,403	-1,208	-555	-8,565 ²⁾	-32	-38	-51	-9
Operating income	9,087	2,078	3,096	-3,803	2,106	2,465	4,219	9,055
Financial income	262	618	390	438	180	304	678	184
Financial expenses	-273	-924	-275	-512	-565	-606	-595	-327
Income after financial items	9,076	1,772	3,211	-3,877	1,721	2,163	4,302	8,912
Taxes	-272	-567	-1,027	-2,378	-517	-647	-1,292	-2,468
Net income	8,804	1,205	2,184	-6,255	1,204	1,516	3,010	6,444
Net income attributable to:								
Stockholders of the Parent Company	8,950	1,110	2,177	-6,462	1,205	1,469	2,921	6,410
Non-controlling interests	-146	95	7	207	-1	47	89	34
Other information								
Average number of shares, basic (million)	3,212	3,215	3,217	3,219	3,222	3,224	3,227	3,230
Earnings per share, basic (SEK)								
³⁾	2.79	0.35	0.68	-2.01	0.37	0.46	0.91	1.98
	2.76	0.34	0.67	-1.99	0.37	0.45	0.90	1.97

Earnings per share, diluted
(SEK)³⁾

- 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			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating activities								
Net income	8,804	1,205	2,184	-6,255	1,204	1,516	3,010	6,444
Adjustments to reconcile net income to cash								
Taxes	-1,118	-1,185	-886	2,049	-1,849	-689	-881	2,096
Earnings/dividends in JV and associated companies	1,290	1,193	579	8,707	33	37	50	138
Depreciation, amortization and impairment losses	2,315	2,401	2,394	2,779	2,411	2,436	2,546	2,744
Other	-7,022	-466	413	-366	-201	183	-327	1,101
	4,269	3,148	4,684	6,914	1,598	3,483	4,398	12,523
Changes in operating net assets								
Inventories	-59	43	-650	3,418	-1,426	600	357	5,337
Customer finance, current and non-current	282		-164	-1,377	260	912	800	-163
Trade receivables	3,722	-5,427	2,882	-2,280	-1,934	3,084	-4,744	-4,910
Trade payables	-2,713	1,717	-1,455	1,140	-2,948	518	-588	860
Provisions and post-employment benefits	-1,771	-353	-175	379	1,155	-1,752	-970	-1,731
Other operating assets and liabilities, net	-2,999	-492	1,851	7,497	325	-2,554	2,206	2,693
	-3,538	-4,512	2,289	8,777	-4,568	808	-2,939	2,086
Cash flow from operating activities								
	731	-1,364	6,973	15,691	-2,970	4,291	1,459	14,609
Investing activities								
Investments in property, plant and equipment	-1,648	-994	-1,461	-1,326	-1,196	-1,278	-778	-1,251
Sales of property, plant and equipment	309	-10	17	252	91	11	97	179
Acquisitions/divestments of subsidiaries and other operations, net	-1,730 ¹⁾	-110	-357	120	-136	-39	-1,794	-713
Product development	-251	-525	-435	-430	-282	-214	-237	-182
Other investing activities	195	-520	1,652	213	298	-203	-230	-1,195
Short-term investments	-3,999	8,133	-938	-1,045	-2,860	9,209	-144	-8,262
Cash flow from investing activities								
	-7,124	5,974	-1,522	-2,216	-4,085	7,486	-3,086	-11,424
Cash flow before financing activities								
	-6,393	4,610	5,451	13,475	-7,055	11,777	-1,627	3,185

Financing activities								
Dividends paid		-8,252	-381	1	-61	-8,863	-21	-208
Other financing activities	-1,318	1,112	1,062	-1,609	92	-4,236	43	3,746
Cash flow from financing activities	-1,318	-7,140	681	-1,608	31	-13,099	22	3,538
Effect of exchange rate changes on cash	-327	599	-1,994	-30	-214	2,357	-1,711	209
Net change in cash	-8,038	-1,931	4,138	11,837	-7,238	1,035	-3,316	6,932
Cash and cash equivalents, beginning of period	38,676	30,638	28,707	32,845	44,682	37,444	38,479	35,163
Cash and cash equivalents, end of period	30,638	28,707	32,845	44,682	37,444	38,479	35,163	42,095

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

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 December 31, 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 1.2 billion. The amount is recognized in the balance sheet as per December 31, 2013.

Financial instruments carried at other than fair value

Book value for Notes and bond loans amounts to SEK 14.5 billion and fair value to SEK 14.7 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.

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

Segment ST-Ericsson was reported in 2012 in accordance with the equity method, thus no sales is included.

Segment Modems was consolidated as of October 1, 2013. No sales was reported in Q4, 2013.

Consolidated quarters, SEK million	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Networks	27,314	27,766	26,939	35,266	28,133	28,142	26,655	34,769
Global Services	20,631	24,074	24,296	28,042	21,452	24,851	23,974	27,166
of which Professional Services	14,884	16,947	16,388	18,873	14,626	16,773	16,229	18,767
of which Managed Services	5,708	6,468	6,306	6,752	5,888	6,754	6,264	6,574
of which Network Rollout	5,747	7,127	7,908	9,169	6,826	8,078	7,745	8,399
Support Solutions	3,029	3,479	3,315	3,628	2,447	2,338	2,352	5,097
Total	50,974	55,319	54,550	66,936	52,032	55,331	52,981	67,032

Sequential change, percent	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Networks	-18%	2%	-3%	31%	-20%	0%	-5%	30%
Global Services	-24%	17%	1%	15%	-24%	16%	-4%	13%
of which Professional Services	-18%	14%	-3%	15%	-23%	15%	-3%	16%
of which Managed Services	-6%	13%	-3%	7%	-13%	15%	-7%	5%
of which Network Rollout	-35%	24%	11%	16%	-26%	18%	-4%	8%
Support Solutions	-11%	15%	-5%	9%	-33%	-4%	1%	117%
Total	-20%	9%	-1%	23%	-22%	6%	-4%	27%

Year over year change, percent	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Networks	-18%	-17%	-17%	6%	3%	1%	-1%	-1%
Global Services	18%	26%	19%	4%	4%	3%	-1%	-3%
of which Professional Services	18%	26%	11%	4%	-2%	-1%	-1%	-1%
of which Managed Services	16%	37%	19%	12%	3%	4%	-1%	-3%
of which Network Rollout	18%	28%	38%	3%	19%	13%	-2%	-8%
Support Solutions	33%	47%	29%	6%	-19%	-33%	-29%	40%
Total	-4%	1%	-2%	5%	2%	0%	-3%	0%

Year to date, SEK million	2012				2013			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Networks	27,314	55,080	82,019	117,285	28,133	56,275	82,930	117,699

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Global Services	20,631	44,705	69,001	97,043	21,452	46,303	70,277	97,443
<i>of which Professional Services</i>	<i>14,884</i>	<i>31,830</i>	<i>48,219</i>	<i>67,092</i>	<i>14,626</i>	<i>31,399</i>	<i>47,628</i>	<i>66,395</i>
<i>of which Managed Services</i>	<i>5,708</i>	<i>12,176</i>	<i>18,482</i>	<i>25,234</i>	<i>5,888</i>	<i>12,642</i>	<i>18,906</i>	<i>25,480</i>
<i>of which Network Rollout</i>	<i>5,747</i>	<i>12,875</i>	<i>20,782</i>	<i>29,951</i>	<i>6,826</i>	<i>14,904</i>	<i>22,649</i>	<i>31,048</i>
Support Solutions	3,029	6,508	9,823	13,451	2,447	4,785	7,137	12,234
Total	50,974	106,293	160,843	227,779	52,032	107,363	160,344	227,376

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

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

Isolated quarters, SEK million	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Networks	1,649	1,255	1,341	2,812	1,565	1,335	2,557	5,861
Global Services	1,267	1,362	1,835	1,762	726	1,564	1,808	2,087
<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>2,628</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>	<i>-541</i>
Support Solutions	-28	420	480	278	-29	-283	-113	1,880
Modems								-543
Unallocated ¹⁾	-97	-43	6	-133	-156	-151	-33	-230
<i>Subtotal Segments excluding</i>								
<i>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>	<i>9,055</i>
Sony Ericsson	7,691 ²⁾	347	-1	-11				
ST-Ericsson	-1,395	-1,263	-565	-8,511 ³⁾				
<i>Subtotal Sony Ericsson and</i>								
<i>ST-Ericsson</i>	<i>6,296</i>	<i>-916</i>	<i>-566</i>	<i>-8,522</i>				
Total	9,087	2,078	3,096	-3,803	2,106	2,465	4,219	9,055

Year to date, SEK million	2012				2013			
	Jan -Mar	Jan -Jun	Jan -Sep	Jan -Dec	Jan -Mar	Jan -Jun	Jan -Sep	Jan -Dec
Networks	1,649	2,904	4,245	7,057	1,565	2,900	5,457	11,318
Global Services	1,267	2,629	4,464	6,226	726	2,290	4,098	6,185
<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>9,029</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>	<i>-2,844</i>
Support Solutions	-28	392	872	1,150	-29	-312	-425	1,455
Modems								-543
Unallocated ¹⁾	-97	-140	-134	-267	-156	-307	-340	-570
<i>Subtotal Segments excluding</i>								
<i>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>	<i>17,845</i>
Sony Ericsson	7,691 ²⁾	8,038	8,037	8,026				
ST-Ericsson	-1,395	-2,658	-3,223	-11,734 ³⁾				
<i>Subtotal Sony Ericsson and</i>								
<i>ST-Ericsson</i>	<i>6,296</i>	<i>5,380</i>	<i>4,814</i>	<i>-3,708</i>				
Total	9,087	11,165	14,261	10,458	2,106	4,571	8,790	17,845

OPERATING MARGIN BY SEGMENT BY QUARTER

As percentage of net sales, isolated quarters	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Networks	6%	5%	5%	8%	6%	5%	10%	17%
Global Services	6%	6%	8%	6%	3%	6%	8%	8%
<i>Of which Professional Services</i>	13%	13%	14%	15%	13%	14%	14%	14%
<i>Of which Network Rollout</i>	-11%	-11%	-6%	-11%	-16%	-9%	-6%	-6%
Support Solutions	-1%	12%	14%	8%	-1%	-12%	-5%	37%
Modems								
Subtotal excluding Sony Ericsson and ST-Ericsson	5%	5%	7%	7%	4%	4%	8%	14%

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

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	Q4
North America	12,775	12,987	14,037	16,950	15,773	15,341	14,453	13,772
Latin America	4,822	5,243	5,424	6,517	4,374	5,565	5,294	6,749
Northern Europe & Central Asia 1) 2)	2,292	3,358	2,697	2,998	2,283	2,708	2,949	3,678
Western & Central Europe 2)	4,306	4,094	3,630	5,448	4,349	4,522	4,399	5,215
Mediterranean 2)	4,620	6,214	5,401	7,064	5,271	6,159	5,659	7,067
Middle East	3,157	3,701	3,637	5,061	3,160	3,978	4,386	5,914
Sub Saharan Africa	2,200	2,791	2,800	3,558	2,131	2,653	2,693	2,572
India	1,421	1,700	1,737	1,602	1,606	1,279	1,280	1,973
North East Asia	9,154	8,423	8,373	10,246	6,054	6,642	6,053	8,649
South East Asia & Oceania	3,374	3,674	3,505	4,515	4,129	3,758	3,617	4,283
Other 1) 2)	2,853	3,134	3,309	2,977	2,902	2,726	2,198	7,160
Total	50,974	55,319	54,550	66,936	52,032	55,331	52,981	67,032

1) Of which in Sweden 834 1,282 1,649 1,268 1,020 1,276 798 1,333

2) Of which in EU 9,502 11,201 10,604 12,923 9,782 10,816 10,111 12,835

Sequential change, percent	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
North America	14%	2%	8%	21%	-7%	-3%	-6%	-5%
Latin America	-31%	9%	3%	20%	-33%	27%	-5%	27%
Northern Europe & Central Asia 1) 2)	-39%	47%	-20%	11%	-24%	19%	9%	25%
Western & Central Europe 2)	-18%	-5%	-11%	50%	-20%	4%	-3%	19%
Mediterranean 2)	-44%	35%	-13%	31%	-25%	17%	-8%	25%
Middle East	-39%	17%	-2%	39%	-38%	26%	10%	35%
Sub Saharan Africa	-32%	27%	0%	27%	-40%	24%	2%	-4%
India	-7%	20%	2%	-8%	0%	-20%	0%	54%
North East Asia	-16%	-8%	-1%	22%	-41%	10%	-9%	43%
South East Asia & Oceania	-16%	9%	-5%	29%	-9%	-9%	-4%	18%
Other 1) 2)	-14%	10%	6%	-10%	-3%	-6%	-19%	226%
Total	-20%	9%	-1%	23%	-22%	6%	-4%	27%

1) Of which in Sweden -8% 54% 29% -23% -20% 25% -37% 67%

2) Of which in EU -29% 18% -5% 22% -24% 11% -7% 27%

Year-over-year change, percent	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
North America	-3%	5%	16%	51%	23%	18%	3%	-19%
Latin America	20%	6%	-10%	-7%	-9%	6%	-2%	4%

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Northern Europe & Central Asia 1) 2)	-32%	-26%	-24%	-21%	0%	-19%	9%	23%
Western & Central Europe 2)	-10%	-6%	-21%	3%	1%	10%	21%	-4%
Mediterranean 2)	-4%	12%	3%	-14%	14%	-1%	5%	0%
Middle East	3%	4%	0%	-3%	0%	7%	21%	17%
Sub Saharan Africa	-1%	26%	11%	11%	-3%	-5%	-4%	-28%
India	-55%	-39%	-24%	5%	13%	-25%	-26%	23%
North East Asia	6%	-7%	-13%	-6%	-34%	-21%	-28%	-16%
South East Asia & Oceania	9%	21%	-6%	13%	22%	2%	3%	-5%
Other 1) 2)	9%	27%	49%	-10%	2%	-13%	-34%	141%
Total	-4%	1%	-2%	5%	2%	0%	-3%	0%
1) <i>Of which in Sweden</i>	-10%	16%	75%	40%	22%	0%	-52%	5%
2) <i>Of which in EU</i>	-5%	9%	4%	-4%	3%	-3%	-5%	-1%

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	Jan - Dec
North America	12,775	25,762	39,799	56,749	15,773	31,114	45,567	59,339
Latin America	4,822	10,065	15,489	22,006	4,374	9,939	15,233	21,982
Northern Europe & Central Asia (²⁾)	2,292	5,650	8,347	11,345	2,283	4,991	7,940	11,618
Western & Central Europe (²⁾)	4,306	8,400	12,030	17,478	4,349	8,871	13,270	18,485
Mediterranean (²⁾)	4,620	10,834	16,235	23,299	5,271	11,430	17,089	24,156
Middle East	3,157	6,858	10,495	15,556	3,160	7,138	11,524	17,438
Sub Saharan Africa	2,200	4,991	7,791	11,349	2,131	4,784	7,477	10,049
India	1,421	3,121	4,858	6,460	1,606	2,885	4,165	6,138
North East Asia	9,154	17,577	25,950	36,196	6,054	12,696	18,749	27,398
South East Asia & Oceania	3,374	7,048	10,553	15,068	4,129	7,887	11,504	15,787
Other (¹⁾ (²⁾)	2,853	5,987	9,296	12,273	2,902	5,628	7,826	14,986
Total	50,974	106,293	160,843	227,779	52,032	107,363	160,344	227,376
<i>Of which in Sweden</i>	<i>834</i>	<i>2,116</i>	<i>3,765</i>	<i>5,033</i>	<i>1,020</i>	<i>2,296</i>	<i>3,094</i>	<i>4,427</i>
<i>Of which in EU</i>	<i>9,502</i>	<i>20,703</i>	<i>31,307</i>	<i>44,230</i>	<i>9,782</i>	<i>20,598</i>	<i>30,709</i>	<i>43,544</i>
Year to date, Year-over-year change, percent	2012				2013			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
North America	-3%	1%	6%	16%	23%	21%	14%	5%
Latin America	20%	13%	4%	0%	-9%	-1%	-2%	0%
Northern Europe & Central Asia (²⁾)	-32%	-29%	-27%	-25%	0%	-12%	-5%	2%
Western & Central Europe (²⁾)	-10%	-8%	-13%	-8%	1%	6%	10%	6%
Mediterranean (²⁾)	-4%	5%	4%	-2%	14%	6%	5%	4%
Middle East	3%	4%	2%	1%	0%	4%	10%	12%
Sub Saharan Africa	-1%	13%	12%	12%	-3%	-4%	-4%	-11%
India	-55%	-48%	-41%	-34%	13%	-8%	-14%	-5%
North East Asia	6%	0%	-5%	-5%	-34%	-28%	-28%	-24%
South East Asia & Oceania	9%	15%	7%	9%	22%	12%	9%	5%
Other (¹⁾ (²⁾)	9%	18%	27%	15%	2%	-6%	-16%	22%
Total	-4%	-1%	-1%	0%	2%	1%	0%	0%
<i>Of which in Sweden</i>	<i>-10%</i>	<i>4%</i>	<i>27%</i>	<i>30%</i>	<i>22%</i>	<i>9%</i>	<i>-18%</i>	<i>-12%</i>
<i>Of which in EU</i>	<i>-5%</i>	<i>2%</i>	<i>3%</i>	<i>1%</i>	<i>3%</i>	<i>-1%</i>	<i>-2%</i>	<i>-2%</i>

TOP 5 COUNTRIES IN SALES

Q4

Jan - Dec

Country	2012	2013	2012	2013
UNITED STATES	26%	21%	25%	26%
JAPAN	7%	3%	8%	6%
CHINA	6%	7%	6%	5%
ITALY	4%	4%	4%	3%
KOREA	2%	8%	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.

	Q4 2013, SEK million				Jan - Dec 2013, SEK million			
	Net-works	Global Services	Support Solutions	Total	Net-works	Global Services	Support Solutions	Total
North America	5,322	7,422	1,028	13,772	28,518	28,230	2,591	59,339
Latin America	3,541	2,912	296	6,749	11,303	9,531	1,148	21,982
Northern Europe & Central Asia	2,334	1,261	83	3,678	7,203	4,158	257	11,618
Western & Central Europe	2,052	2,935	228	5,215	7,624	10,253	608	18,485
Mediterranean	2,863	3,911	293	7,067	10,795	12,632	729	24,156
Middle East	3,011	2,329	574	5,914	8,499	7,599	1,340	17,438
Sub Saharan Africa	1,286	1,067	219	2,572	4,990	4,142	917	10,049
India	1,182	713	78	1,973	3,090	2,735	313	6,138
North East Asia	5,975	2,514	160	8,649	16,669	10,367	362	27,398
South East Asia & Oceania	2,375	1,744	164	4,283	8,914	6,362	511	15,787
Other	4,828	358	1,974	7,160	10,094	1,434	3,458	14,986
Total	34,769	27,166	5,097	67,032	117,699	97,443	12,234	227,376
Share of Total	52%	40%	8%	100%	52%	43%	5%	100%

Sequential change, percent	Q4 2013			
	Net-works	Global Services	Support Solutions	Total
North America	-19%	2%	75%	-5%
Latin America	28%	26%	38%	27%
Northern Europe & Central Asia	18%	38%	63%	25%
Western & Central Europe	19%	15%	81%	19%
Mediterranean	12%	32%	124%	25%
Middle East	34%	29%	77%	35%
Sub Saharan Africa	-5%	-5%	0%	-4%
India	109%	5%	105%	54%
North East Asia	69%	2%	181%	43%
South East Asia & Oceania	24%	11%	27%	18%
Other	254%	-1%	316%	226%
Total	30%	13%	117%	27%

Year over year change, percent	Q4 2013			
	Net-works	Global Services	Support Solutions	Total
North America	-43%	9%	28%	-19%
Latin America	23%	-10%	-26%	4%
Northern Europe & Central Asia	50%	3%	-60%	23%
Western & Central Europe	-12%	0%	29%	-4%
Mediterranean	4%	-4%	15%	0%
Middle East	22%	13%	8%	17%
Sub Saharan Africa	-37%	-14%	-23%	-28%
India	32%	23%	-39%	23%
North East Asia	-8%	-31%	26%	-16%
South East Asia & Oceania	-6%	-7%	74%	-5%
Other	146%	-8%	217%	141%
Total	-1%	-3%	40%	0%

Year over year change, percent	Jan - Dec 2013			
	Net-works	Global Services	Support Solutions	Total
North America	-7%	20%	-5%	5%
Latin America	16%	-10%	-30%	0%
Northern Europe & Central Asia	14%	-8%	-46%	2%
Western & Central Europe	24%	-3%	-14%	6%
Mediterranean	14%	-3%	-6%	4%
Middle East	26%	4%	-9%	12%
Sub Saharan Africa	-22%	6%	-9%	-11%
India	-13%	11%	-32%	-5%
North East Asia	-26%	-22%	-30%	-24%
South East Asia & Oceania	12%	-3%	1%	5%
Other	28%	17%	10%	22%
Total	0%	0%	-9%	0%

Table of Contents**PROVISIONS**

Isolated quarters, SEK million	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Opening balance	6,265	5,930	5,318	5,243	8,638	9,499	7,716	6,414
Additions	1,003	616	810	4,582	1,915	1,215	658	911
Utilization/Cash out	-980	-850	-664	-981	-758	-2,365	-1,534	-1,364
<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>	<i>-307</i>
Reversal of excess amounts	-370	-453	-95	-155	-209	-586	-191	-575
Reclassification, translation difference and other	12	75	-126	-51	-87	-47	-235	-24
Closing balance	5,930	5,318	5,243	8,638	9,499	7,716	6,414	5,362

Year to date, SEK million	2012				2013			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Opening balance	6,265	6,265	6,265	6,265	8,638	8,638	8,638	8,638
Additions	1,003	1,619	2,429	7,011	1,915	3,130	3,788	4,699
Utilization/Cash out	-980	-1,830	-2,494	-3,475	-758	-3,123	-4,657	-6,021
<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>	<i>-2,089</i>
Reversal of excess amounts	-370	-823	-918	-1,073	-209	-795	-986	-1,561
Reclassification, translation difference and other	12	87	-39	-90	-87	-134	-369	-393
Closing balance	5,930	5,318	5,243	8,638	9,499	7,716	6,414	5,362

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	Q4
Additions								
Property, plant and equipment	1,648	994	1,461	1,326	1,196	1,278	778	1,251
Capitalized development expenses	251	525	435	430	282	214	237	182
IPR, brands and other intangible assets	5,570	992	341	409	196	22	1,418	562
Total	7,469	2,511	2,237	2,165	1,674	1,514	2,433	1,995

Depreciation, amortization and impairment losses

Property, plant and equipment	914	982	1,035	1,081	1,008	983	1,008	1,210
Capitalized development expenses	245	259	265	555	303	342	388	374
	1,156	1,160	1,094	1,143	1,100	1,111	1,150	1,160

IPR, brands and other intangible assets,
etc.

Total 2,315 2,401 2,394 2,779 2,411 2,436 2,546 2,744

RECONCILIATION TABLE, NON-IFRS MEASUREMENTS

CASH CONVERSION

Isolated quarters, SEK million	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income	8,804	1,205	2,184	-6,255	1,204	1,516	3,010	6,444
Net income reconciled to cash	4,269	3,148	4,684	6,914	1,598	3,483	4,398	12,523
Cash flow from operating activities	731	-1,364	6,973	15,691	-2,970	4,291	1,459	14,609
Cash conversion	17.1%	-43.3%	148.9%	226.9%	-185.9%	123.2%	33.2%	116.7%

NET CASH, END OF PERIOD

SEK million	Dec 31 2012	Mar 31 2013	Jun 30 2013	Sep 30 2013	Dec 31 2013
Cash and cash equivalents	44,682	37,444	38,479	35,163	42,095
+ Short term investments	32,026	34,641	26,335	25,505	34,994
- Borrowings, non-current	23,898	23,638	22,471	21,745	22,067
- Borrowings, current	4,769	5,084	4,018	3,849	7,388
- Post employment benefits	9,503	11,132	10,907	10,385	9,825
Net cash, end of period	38,538	32,231	27,418	24,689	37,809

Table of Contents**OTHER INFORMATION**

	Oct - Dec		Jan - Dec	
	2012	2013	2012	2013
Number of shares and earnings per share				
Number of shares, end of period (million)	3,305	3,305	3,305	3,305
<i>Of which class A-shares (million)</i>	262	262	262	262
<i>Of which class B-shares (million)</i>	3,043	3,043	3,043	3,043
Number of treasury shares, end of period (million)	85	74	85	74
Number of shares outstanding, basic, end of period (million)	3,220	3,231	3,220	3,231
Numbers of shares outstanding, diluted, end of period (million)	3,251	3,262	3,251	3,262
Average number of treasury shares (million)	86	75	76	79
Average number of shares outstanding, basic (million)	3,219	3,230	3,216	3,226
Average number of shares outstanding, diluted (million) ¹⁾	3,251	3,261	3,247	3,257
Earnings per share, basic (SEK)	-2.01	1.98	1.80	3.72
Earnings per share, diluted (SEK) ¹⁾	-1.99	1.97	1.78	3.69
Ratios				
Days sales outstanding			86	97
Inventory turnover days	61	55	73	62
Payable days	45	43	57	53
Equity ratio (%)			50.4%	52.6%
Capital turnover (times)	1.5	1.5	1.3	1.3
Cash conversion %, end of period*	226.9%	116.7%	115.9%	79.0%
Payment readiness, end of period			84,951	82,631
Payment readiness, as percentage of sales			37.3%	36.3%
Exchange rates used in the consolidation				
SEK/EUR average rate			8.70	8.67
closing rate			8.58	8.90
SEK/USD average rate			6.73	6.52
closing rate			6.51	6.46
Other				
Regional inventory, end of period,	19,353	14,652	19,353	14,652
Export sales from Sweden	30,201	35,216	106,997	108,944

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

²⁾ Excluding amortizations and write-downs of acquired intangibles

* Reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 37.

NUMBER OF EMPLOYEES

	2012				2013			
End of period	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31

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North America	16,281	15,872	15,486	15,501	15,404	15,047	14,825	14,931
Latin America	11,538	11,176	10,920	11,219	11,153	11,412	11,402	11,445
Northern Europe & Central Asia ¹⁾	21,341	21,457	21,334	21,211	21,043	21,148	22,038	21,892
Western & Central Europe	10,900	10,837	11,897	11,257	11,118	11,235	11,612	11,530
Mediterranean	11,858	11,986	12,321	12,205	12,015	12,405	12,350	12,314
Middle East	4,361	4,231	4,065	3,992	3,951	3,951	3,766	3,752
Sub Saharan Africa	2,317	2,277	1,669	2,014	1,967	2,101	2,081	2,084
India	12,567	12,644	13,269	14,303	14,588	16,183	16,978	17,622
North East Asia	13,016	13,233	13,853	14,157	14,088	14,059	14,625	14,503
South East Asia & Oceania	4,372	4,382	4,400	4,396	4,321	4,264	4,312	4,267
Total	108,551	108,095	109,214	110,255	109,648	111,805	113,989	114,340
<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>	<i>17,858</i>

Table of Contents**RESTRUCTURING CHARGES BY FUNCTION**

Isolated quarters, SEK million	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cost of sales	-496	-389	-455	-885	-698	-707	-600	-652
Research and development expenses	-19	-107	-33	-693	-552	-117	-64	-139
Selling and administrative expenses	-54	-98	-82	-136	-589	-110	-55	-170
<i>Subtotal Ericsson excluding ST-Ericsson</i>	-569	-594	-570	-1,714	-1,839	-934	-719	-961
Share in ST-Ericsson charges	-30	-190	-46	-46				
Total	-599	-784	-616	-1,760	-1,839	-934	-719	-961

Year to date, SEK million	2012				2013			
	Jan -Mar	Jan - Jun	Jan -Sep	Jan -Dec	Jan -Mar	Jan -Jun	Jan -Sep	Jan -Dec
Cost of sales	-496	-885	-1,340	-2,225	-698	-1,405	-2,005	-2,657
Research and development expenses	-19	-126	-159	-852	-552	-669	-733	-872
Selling and administrative expenses	-54	-152	-234	-370	-589	-699	-754	-924
<i>Subtotal Ericsson excluding ST-Ericsson</i>	-569	-1,163	-1,733	-3,447	-1,839	-2,773	-3,492	-4,453
Share in ST-Ericsson charges	-30	-220	-266	-312				
Total	-599	-1,383	-1,999	-3,759	-1,839	-2,773	-3,492	-4,453

RESTRUCTURING CHARGES BY SEGMENT

Isolated quarters, SEK million	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Networks	-87	-167	-94	-905	-1,251	-316	-299	-316
Global Services	-473	-415	-441	-601	-385	-586	-410	-616
<i>Of which Professional Services</i>	-358	-302	-305	-371	-270	-389	-290	-420
<i>Of which Network Rollout</i>	-115	-113	-136	-230	-115	-197	-120	-196
Support Solutions	-9	-12	-29	-196	-111	-34	-11	-30
Unallocated			-6	-12	-92	2	1	1
<i>Subtotal Ericsson excluding ST-Ericsson</i>	-569	-594	-570	-1,714	-1,839	-934	-719	-961

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ST-Ericsson	-30	-190	-46	-46				
Total	-599	-784	-616	-1,760	-1,839	-934	-719	-961

Year to date, SEK million	2012				2013			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Networks	-87	-254	-348	-1,253	-1,251	-1,567	-1,866	-2,182
Global Services	-473	-888	-1,329	-1,930	-385	-971	-1,381	-1,997
<i>Of which Professional Services</i>	<i>-358</i>	<i>-660</i>	<i>-965</i>	<i>-1,336</i>	<i>-270</i>	<i>-659</i>	<i>-949</i>	<i>-1,369</i>
<i>Of which Network Rollout</i>	<i>-115</i>	<i>-228</i>	<i>-364</i>	<i>-594</i>	<i>-115</i>	<i>-312</i>	<i>-432</i>	<i>-628</i>
Support Solutions	-9	-21	-50	-246	-111	-145	-156	-186
Unallocated			-6	-18	-92	-90	-89	-88
<i>Subtotal Ericsson excluding</i>								
<i>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>	<i>-4,453</i>
ST-Ericsson	-30	-220	-266	-312				
Total	-599	-1,383	-1,999	-3,759	-1,839	-2,773	-3,492	-4,453