

ERICSSON LM TELEPHONE CO

Form 6-K

April 26, 2017

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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

April 26, 2017

Commission File Number

000-12033

LM ERICSSON TELEPHONE COMPANY

(Translation of registrant's name into English)

Torshamnsgatan 21, Kista

SE-164 83, Stockholm, Sweden

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED WITH OR FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TELEFONAKTIEBOLAGET LM ERICSSON (publ)

By: /s/ NINA MACPHERSON
Nina Macpherson
Senior Vice President & Chief Legal Officer

By: /s/ HELENA NORRMAN
Helena Norrman
Senior Vice President
Corporate Marketing & Communications Officer

Date: **April 26, 2017**

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FIRST QUARTER 2017,

AS ADJUSTED FOR INCORPORATION BY REFERENCE

Stockholm, April 25, 2017

Read more**FIRST QUARTER HIGHLIGHTS****(page)**

| | |
|---|----------|
| Reported sales decreased by -11% YoY. | 3 |
| Provisions and adjustments related to certain customer contracts of SEK -8.4 b., asset write-downs of SEK -3.3 b. and restructuring charges of SEK -1.7 b. were made in the quarter, in line with the announcement on March 28, 2017. | 2 |
| Gross margin was 13.9%. | 4 |
| Operating income was SEK -12.3 b. | 4 |
| Networks operating margin was -2%. | 2 |
| IT & Cloud operating income was SEK -9.0 b. Actions have been initiated to improve performance. | 2 |
| Media operating income was SEK -2.8 b. | 2 |
| Cash flow from operating activities was SEK -1.5 (-2.4) b. | 9 |

| SEK b. | Q1 2017 | Q1 2016 | YoY change | Q4 2016 | QoQ change |
|-------------------------------------|------------|------------|---------------|------------|---------------|
| Net sales | 46.4 | 52.2 | -11% | 65.2 | -29% |
| Gross margin | 13.9% | 33.3% | | 26.1% | |
| Operating income | -12.3 | 3.5 | | -0.3 | |
| Operating margin | -26.6% | 6.7% | | -0.4% | |
| Net income | -10.9 | 2.1 | | -1.6 | |
| EPS diluted, SEK | -3.29 | 0.60 | | -0.48 | |
| Cash flow from operating activities | -1.5 | -2.4 | -35% | 19.4 | -108% |

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CEO COMMENTS

Our performance in the first quarter continued to be unsatisfactory. Segment Networks delivered a solid result despite lower sales, while losses in segments IT & Cloud and Media increased significantly. In the quarter a more focused business strategy and a new Executive Team were announced. The immediate priority is to improve profitability while also taking action to revitalize technology and market leadership.

Reported sales declined by -11%. Operating income was SEK -12.3 b.

Despite lower sales, Networks delivered a solid result. Sales declined YoY due to lower investment levels in certain markets, lower IPR licensing revenues and the renewed managed services contract with reduced scope in North America. The new Ericsson Radio System platform contributed to improving profitability and stabilizing the market share position, after several years of decline.

The concerning developments in IT & Cloud continued with significantly increased losses. IT & Cloud remains a strategic area for Ericsson as our customers will digitalize their operations and invest in a future network architecture based on software-defined logic. However, our performance in this area is not acceptable and the new management team is initiating actions to turn the business around. Actions include accelerating the introduction of the new products, streamlining the services organization and tightening the contract scoping. We will continue to sell complete solutions in telecom core, OSS and BSS, including hardware, software and services. However, we are seeking alternatives for our IT cloud infrastructure hardware business to gain necessary scale to ensure that we can offer competitive solutions to our customers. Tangible improvements in profitability are expected during 2018.

The accelerated losses in Media were caused by a faster than anticipated decline in legacy product sales, not offset by growth in the new portfolio. While continuing to develop our media solutions we are exploring strategic opportunities for Media to allow it to scale and succeed in the evolving media landscape.

Of the total adjustments¹⁾ of SEK -13.4 b., write-downs were SEK -3.3 b. and restructuring charges were SEK -1.7 b. Triggered by negative developments late in the quarter related to certain customer contracts, provisions and adjustments of SEK -8.4 b. were made of which SEK 5.8 b. is estimated to negatively affect cash flow over several years.

The provisions and adjustments of SEK -8.4 b. consist of the following items. Customer settlements and revaluation of customer discounts, due to lower projected customer volumes, reduced net sales by SEK -1.4 b. Operating expenses were impacted by SEK -1.5 b. due to reassessment of the value of trade receivables. The remaining SEK -5.5 b. is provisions for additional project costs, mainly related to certain transformation projects in IT & Cloud, which due to recent negative developments are not expected to be covered by future project revenues.

In light of the current market environment and company position we are taking a more prudent approach in assessing risk exposures. In this work we have identified certain large, complex transformation projects with challenging profitability and higher inherent risks, that we are focused on mitigating.

On March 28, 2017, we presented a more focused business strategy and a new Executive Team. The new strategy aims to revitalize technology and market leadership, improve group profitability and enable customer success.

The strategy builds on reallocating resources and investments to core portfolio areas, fully leveraging the potential of 5G, IoT and cloud. We will also refocus Managed Services and Network Roll-out to improve profitability. By addressing low-performing operations within Managed Services and optimizing the offering within Network Roll-out,

full-year sales are expected to be negatively impacted by up to SEK 10 b. by 2019.

We are not satisfied with the cost structure of the company and the existing cost and efficiency program is not yielding sufficient results. Based on current profitability, we will intensify our efforts to reduce cost with focus on structural changes to generate lasting efficiency gains and increase cost competitiveness. Our target is to surpass previous ambitions. However, we need to increase investment in certain core areas to develop our product portfolio, which can temporarily increase cost levels.

The more focused business strategy is expected to result in a significantly improved profitability already in 2018. Beyond 2018, we believe that we can at least double the underlying 2016 operating margin.

Börje Ekholm

President and CEO

Planning assumptions going forward

Industry trends and business mix in mobile broadband from 2016 are expected to prevail in 2017.

RAN equipment market in USD estimated to decline by -2% to -6% in 2017.

The earlier communicated renewed managed services contract with reduced scope in North America will impact sales negatively YoY in Q2 and Q3 2017.

Addressing low-performing operations in Managed Services and optimizing the offering within Network Rollout are expected to reduce full-year sales by up to SEK 10 b. by 2019.

The baseline for current IPR licensing contract portfolio is approximately SEK 7 b. on an annual basis.

The restructuring charges for 2017 are estimated to be SEK 6-8 b.

- 1) Restructuring, write-down of assets as well as provisions and adjustments related to certain customer projects had a significant negative impact on the reported Q1 2017 result.

- 2 Ericsson | First Quarter Report 2017

Table of Contents**FINANCIAL HIGHLIGHTS**

| SEK b. | Q1 2017 | Q1 2016 | YoY change | Q4 2016 | QoQ change |
|-------------------------------------|------------|------------|---------------|------------|---------------|
| Net sales | 46.4 | 52.2 | -11% | 65.2 | -29% |
| <i>Of which Networks</i> | 34.9 | 39.9 | -13% | 47.8 | -27% |
| <i>Of which IT & Cloud</i> | 9.5 | 9.8 | -3% | 14.9 | -36% |
| <i>Of which Media</i> | 2.0 | 2.4 | -20% | 2.5 | -23% |
| Gross income | 6.4 | 17.4 | -63% | 17.0 | -62% |
| Gross margin (%) | 13.9% | 33.3% | | 26.1% | |
| Research and development expenses | -9.1 | -7.5 | 21% | -8.9 | 2% |
| Selling and administrative expenses | -9.9 | -6.7 | 47% | -8.8 | 12% |
| Other operating income and expenses | 0.1 | 0.3 | -48% | 0.4 | -61% |
| Operating income | -12.3 | 3.5 | | -0.3 | |
| Operating margin | -26.6% | 6.7% | | -0.4% | |
| <i>for Networks</i> | -2% | 14% | | 5% | |
| <i>for IT & Cloud</i> | -94% | -20% | | -12% | |
| <i>for Media</i> | -143% | -13% | | -33% | |
| Financial net | -0.4 | -0.5 | -7% | -0.7 | -37% |
| Taxes | 1.9 | -0.9 | | -0.6 | |
| Net income | -10.9 | 2.1 | | -1.6 | |
| <i>Restructuring charges</i> | -1.7 | -0.6 | 176% | -4.6 | -63% |

Net sales

Sales as reported decreased by -11% YoY. The mobile broadband market remained weak in the quarter with continued low investment levels, particularly in Latin America, Africa and parts of Europe.

Sales in North America declined YoY mainly due to the earlier communicated renewed managed services contract with reduced scope effective from Q4 2016. Sales in North East Asia were flat YoY supported by increased Networks sales in Japan, partly offset by lower IT & Cloud sales in mainland China. The transition from 3G to 4G continued and generated sales growth in South East Asia.

As anticipated, sales declined sequentially with more than normal seasonality following hardware deliveries made in Q4 2016, on customer request, previously planned for Q1 2017. Sales declined by -29% QoQ.

Total sales for Managed Services, as defined in 2016, including Broadcast Services, were SEK 6.2 (7.4) b. The decline mainly refers to the earlier communicated re-scoped managed services contract in North America. The definition of Managed Services will be adjusted in 2018, at latest, to mirror the new organization.

IPR licensing revenues

IPR licensing revenues declined YoY to SEK 2.0 (3.8) b. following certain one-time items in same period last year. IPR licensing revenues were flat QoQ.

Asset write-downs, provisions and adjustments

As announced on March 28, the company has decided to focus its business strategy and explore strategic opportunities for the Media as well as the Cloud infrastructure hardware businesses. As a consequence write-down of assets amounting to SEK -3.3 b., of which SEK -1.5 b. in IT & Cloud, SEK -1.7 b. in Media and SEK -0.1 b. in Networks, were made in the quarter.

As also announced on March 28, provisions and adjustments triggered by negative developments late in the quarter, related to certain large customer projects were required. These provisions and adjustments amounted to SEK -8.4 b. Customer settlements and revaluation of customer discounts, due to lower projected customer volumes, reduced net sales by SEK -1.4 b. Operating expenses were impacted by SEK -1.5 b. due to reassessment of the value of trade receivables. The remaining SEK -5.5 b. is provisions for additional project costs, mainly related to certain transformation projects in IT & Cloud, which due to recent negative developments are not expected to be covered by future project revenues.

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Gross margin

Gross margin declined to 13.9% (33.3%) and from 26.1% QoQ, mainly due to the additional provisions and adjustments.

Operating expenses

Operating expenses increased to SEK 18.9 (14.2) b. and sequentially from SEK 17.7 b., due to the write-down of assets as well as additional provisions and adjustments.

Other operating income and expenses

Other operating income and expenses declined YoY and QoQ. The revaluation and realization effects of currency hedge contracts were SEK 0.0 (0.2) b. Such effects were SEK -0.4 b. in Q4, 2016.

As of Q1 2017, the funding of foreign exchange forecast hedging will be managed through foreign exchange loans (USD) instead of foreign exchange derivatives. Therefore, any revaluation and realization effects will be included in financial expenses instead of in other operating income and expenses.

The hedge balance is in USD. The SEK strengthened against the USD between Dec 31, 2016 (SEK/USD rate 9.06) and March 31, 2017 (SEK/USD rate 8.93).

Restructuring charges

Total restructuring charges were SEK -1.7 (-0.6) b. For full-year 2017, the restructuring charges are estimated to be SEK 6-8 b.

Operating income

Operating income decreased to SEK -12.3 (3.5) b., mainly due to the additional provisions and adjustments, asset write-downs and increased restructuring charges.

Operating income decreased sequentially from SEK -0.3 b., mainly due to the additional provisions and adjustments as well as asset write-downs, partly offset by reduced restructuring charges.

Financial net

Financial net was flat YoY and improved QoQ as Q4 2016 was negatively impacted by depreciated local currencies in certain markets.

Taxes

Taxes were positive in the quarter following the negative income.

Net income and EPS

Net income and EPS diluted decreased YoY and QoQ, following the negative operating income. EPS diluted was SEK -3.29 (0.60).

Employees

The number of employees on March 31, 2017 was 110,898 compared with 111,464 on Dec 31, 2016. A majority of the headcount reductions was in Sweden. In addition, 1,600 employees in Sweden, who left the company on voluntary basis, are still included in the headcount numbers without impacting salary costs.

Table of Contents**REGIONAL SALES**

| SEK b. | First quarter 2017 | | | | Change | |
|----------------------------------|--------------------|------------|------------|-------------|-------------|-------------|
| | Networks | Cloud | IT & Media | Total | YoY | QoQ |
| North America | 9.2 | 2.3 | 0.3 | 11.8 | -10% | -20% |
| Latin America | 2.0 | 0.8 | 0.0 | 2.9 | -29% | -42% |
| Northern Europe and Central Asia | 1.2 | 0.4 | 0.1 | 1.7 | -24% | -38% |
| Western and Central Europe | 2.5 | 0.7 | 0.4 | 3.6 | -17% | -21% |
| Mediterranean | 2.8 | 1.4 | 0.2 | 4.4 | 1% | -35% |
| Middle East | 2.4 | 1.0 | 0.1 | 3.5 | -3% | -45% |
| Sub-Saharan Africa | 1.4 | 0.5 | 0.0 | 1.9 | -9% | -29% |
| India | 1.8 | 0.6 | 0.0 | 2.4 | -10% | -20% |
| North East Asia | 4.6 | 0.9 | 0.0 | 5.6 | 0% | -42% |
| South East Asia and Oceania | 4.8 | 0.7 | 0.1 | 5.6 | 7% | -16% |
| Other ¹⁾ | 2.0 | 0.2 | 0.6 | 2.9 | -40% | 4% |
| Total | 34.9 | 9.5 | 2.0 | 46.4 | -11% | -29% |

¹⁾ Region Other includes licensing revenues, power modules, mobile broadband modules, Ericsson-LG Enterprise and other businesses.

North America

North America sales declined, mainly due to the earlier communicated reduced scope of a renewed managed services contract. Mobile broadband infrastructure sales were stable. IT & Cloud sales increased, driven by digital transformation projects reaching milestones in the quarter.

Latin America

Sales declined as mobile broadband investments continue to be impacted by the macroeconomic environment and declining sales in Mexico.

Northern Europe and Central Asia

Sales decreased, impacted by continued lower investments in mobile broadband infrastructure and last year's project completion in Russia.

Western and Central Europe

Sales declined as operators continued to reduce investments in mobile broadband infrastructure in order to focus on cash flow as well as shifting investments into fiber deployments.

Mediterranean

Sales increased slightly with higher investments in mobile broadband infrastructure while the weak development of related capacity business continued. The managed services business continued to develop favorably.

Middle East

Sales declined slightly in a continued challenging macroeconomic environment. Networks product sales declined as operators remained cautious on mobile broadband capacity investments while the networks services business grew.

Sub-Saharan Africa

Sales declined due to a continued challenging macroeconomic environment in key markets following political uncertainty and on the back of low commodity prices impacting demand.

India

Following a fast pace of 4G deployments in Q4 2016, driven by the spectrum auctions late 2016, sales were down impacted by consolidations and tariff competition between operators.

North East Asia

Sales remained stable. Sales in Mainland China declined due to continued reduced investments by one customer. Sales in Japan and Korea increased, driven by network modernizations and financial year-end sales in Japan.

South East Asia and Oceania

Sales growth was driven primarily by mobile broadband investments in Vietnam. Networks services developed favorably, mainly driven by managed services and network optimization.

Other

IPR licensing revenues amounted to SEK 2.0 (3.8) b. IPR licensing revenues in Q1 2016 were positively impacted by one-off items.

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SEGMENT RESULTS

NETWORKS

| SEK b. | Q1 2017 | Q1 2016 | YoY change | Q4 2016 | QoQ change |
|------------------------------|------------|------------|---------------|------------|---------------|
| Net sales | 34.9 | 39.9 | -13% | 47.8 | -27% |
| <i>Of which products</i> | 19.4 | 22.8 | -15% | 27.5 | -29% |
| <i>Of which services</i> | 15.5 | 17.1 | -10% | 20.3 | -24% |
| Gross income | 8.0 | 13.0 | -39% | 11.8 | -32% |
| Gross margin | 23% | 33% | | 25% | |
| Operating income | -0.5 | 5.8 | -109% | 2.4 | -123% |
| Operating margin | -2% | 14% | | 5% | |
| <i>Restructuring charges</i> | -1.4 | -0.4 | | -2.4 | -40% |
| Net sales | | | | | |

Sales as reported decreased by -13% YoY. Networks product sales declined YoY mainly due to continued low investments in mobile broadband in certain markets and lower IPR licensing revenues amounting to SEK 1.6 (3.1) b. Network services sales declined YoY mainly due to lower managed services sales following the earlier communicated renewed contract in North America with reduced scope.

In 2016, a number of markets, in regions such as Latin America, and Middle East and Africa, were impacted by a weak macroeconomic environment with a negative effect on mobile broadband investments. The mobile broadband market remained weak in the first quarter.

The earlier communicated renewed managed services contract, with reduced scope, in North America was the main reason behind the sales decline YoY in the region. Sales in North East Asia increased YoY with sales growth in Japan and Korea.

The transition from 3G to 4G continued to drive sales growth YoY in Asia Pacific. A large mobile broadband coverage project in Vietnam was the main contributor to growth.

Reported sales declined by -27% QoQ, impacted by hardware deliveries made in Q4 2016 on customer request previously planned for Q1 2017.

The transition to the new Ericsson Radio System platform is tracking towards the target of approximately 50% of total deliveries in 2017.

Gross margin

Gross margin decreased YoY due to increased provisions and adjustments as well as lower IPR licensing revenues.

Operating income and margin

Operating income decreased YoY and QoQ, mainly due to increased provisions and adjustments and lower sales.

The effects of revaluation and realization of currency hedge contracts were SEK 0.0 (0.1) b. in the quarter. In Q4 2016, the effects of currency hedge contracts were negative at SEK -0.3 b.

Table of Contents**IT & CLOUD**

| SEK b. | Q1 2017 | Q1 2016 | YoY change | Q4 2016 | QoQ change |
|------------------------------|------------|------------|---------------|------------|---------------|
| Net sales | 9.5 | 9.8 | -3% | 14.9 | -36% |
| <i>Of which products</i> | 4.1 | 4.8 | -14% | 6.7 | -39% |
| <i>Of which services</i> | 5.4 | 5.1 | 8% | 8.2 | -34% |
| Gross income | -2.1 | 3.3 | -164% | 4.7 | -145% |
| Gross margin | -22% | 33% | | 31% | |
| Operating income | -9.0 | -2.0 | | -1.8 | |
| Operating margin | -94% | -20% | | -12% | |
| <i>Restructuring charges</i> | -0.2 | -0.2 | 26% | -1.8 | -87% |

Net sales

Sales as reported declined by -3% YoY due to lower product sales while services sales increased. Sales of legacy portfolio products, in network infrastructure as well as in OSS & BSS, continued to decline and were not offset by growth in the new portfolio. To prepare for 5G, customers are digitalizing Core and IT, leading to an increased demand for transformation services while the demand for legacy products is decreasing. The services share of sales has increased from 51% Q1 2016 to 57% Q1 2017. IPR and licensing revenues declined YoY to SEK 0.2 (0.4) b.

Sales declined by -36% QoQ after a seasonally strong Q4. Sales in North East Asia and Europe declined more than normal seasonality following milestone completions in large projects in 2016.

Gross margin

Gross margin decreased YoY and QoQ mainly due to increased provisions and adjustments. The services margin continues to be impacted by the ongoing large transformation projects and the service capability build-up to handle the introduction of new platforms. In addition, IT managed services margins are negatively impacted by projects in their initial transformation phase. IT & Cloud product margins were stable.

Operating income and margin

Operating income decreased YoY and QoQ, mainly due to increased provisions, adjustments and write-downs.

Table of Contents**MEDIA**

| | Q1 2017 | Q1 2016 | YoY change | Q4 2016 | QoQ change |
|------------------------------|-------------|------------|---------------|-------------|---------------|
| SEK b. | | | | | |
| Net sales | 2.0 | 2.4 | -20% | 2.5 | -23% |
| Gross income | 0.6 | 1.1 | -49% | 0.6 | -1% |
| Gross margin | 28% | 45% | | 22% | |
| Operating income | -2.8 | -0.3 | | -0.8 | |
| Operating margin | -143% | -13% | | -33% | |
| <i>Restructuring charges</i> | <i>-0.1</i> | <i>0.0</i> | | <i>-0.4</i> | <i>-87%</i> |

Net sales

Sales declined YoY primarily due to lower sales of legacy products and lower IPR licensing revenues. The transition to the next-generation MediaFirst platform is ongoing with contracts signed and ongoing customer trials, which have not yet translated into sales. IPR licensing revenues were SEK 0.2 (0.4) b.

The iconectiv (number portability solutions) sales grew more than 20% YoY. In the quarter, a minority investment in iconectiv by Francisco Partners, subject to regulatory approval, was secured to accelerate value growth.

Sales declined QoQ by -23% after a seasonally strong Q4.

Operating income and margin

Operating income decreased YoY and QoQ, mainly due to asset write-downs.

Operating expenses for legacy products have been significantly reduced, however the reduction was offset by increased investments in new areas including the iconectiv business.

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| SEK b. | Q1 2017 | Q1 2016 | Q4 2016 |
|--|-------------|-------------|-------------|
| Net income reconciled to cash | -9.2 | 3.6 | 1.6 |
| Changes in operating net assets | 7.7 | -6.0 | 17.9 |
| Cash flow from operating activities | -1.5 | -2.4 | 19.4 |
| Cash flow from investing activities | -13.6 | -1.0 | -6.6 |
| Cash flow from financing activities | 10.9 | 0.1 | -1.0 |
| Net change in cash and cash equivalents | -4.0 | -4.3 | 12.6 |

Operating activities

Cash flow from operating activities was SEK -1.5 b. in the quarter, due to the negative net income. However, this was partly offset by changes in operating assets of SEK 7.7 b. supported by lower trade receivables. The reduction of trade receivables QoQ was an effect of lower sales. The cash flow effect from sale of trade receivables in the quarter was SEK 1.4 b. higher than in Q1 2016.

Inventory increased sequentially following high project activity and seasonally lower delivery volumes. Trade payables increased slightly QoQ.

Cash outlays related to restructuring charges were SEK -1.6 (-0.5) b. in the quarter.

Investing activities

Cash flow from investing activities was impacted by investments in property, plant and equipment of SEK -1.0 b. where investments in the Global ICT centers continued to decrease. The cash flow effect from capitalized development expenses amounted to SEK -0.9 b. Investments of SEK 11.9 b. were made in interest-bearing securities following the launch of the new Euro bonds.

Financing activities

Cash flow from financing activities was positively impacted by the launch of two Euro bonds in March, together amounting to EUR 1.0 b. No large acquisition was made in the quarter.

Net cash was SEK 28.3 b. at the end of the quarter.

| | Jan-Mar 2017 | Jan-Dec 2016 | Jan-Sep 2016 | Jan-Jun 2016 | Jan-Mar 2016 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Working capital KPIs, number of days | | | | | |
| Sales outstanding (target: <90) | 117 | 95 | 122 | 115 | 108 |

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| | | | | | |
|-------------------------|----|----|----|----|----|
| Inventory (target: <65) | 73 | 69 | 79 | 81 | 80 |
| Payable (target: >60) | 58 | 56 | 56 | 59 | 58 |

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FINANCIAL POSITION

| | Mar 31 2017 | Mar 31 2016 | Dec 31 2016 |
|--|----------------|----------------|----------------|
| SEK b. | | | |
| + Cash and cash equivalents | 33.0 | 35.9 | 37.0 |
| + Interest-bearing securities, current | 13.5 | 25.1 | 13.3 |
| + Interest-bearing securities, non-current | 19.1 | | 7.6 |
| Gross cash | 65.6 | 61.0 | 57.9 |
| - Borrowings, current | 9.5 | 2.4 | 8.0 |
| - Borrowings, non-current | 27.8 | 22.1 | 18.7 |
| Equity | 126.8 | 145.6 | 140.5 |
| Total assets | 292.2 | 280.3 | 283.3 |

Post-employment benefits were SEK 23.8 b., compared with SEK 23.7 b. on Dec 31, 2016.

The company launched one Euro denominated 500 million 4-year bond with a fixed coupon rate of 0.875% and one Euro denominated 500 million 7-year bond with a fixed coupon rate of 1.875% in the quarter. The bonds were issued under Ericsson's Euro Medium Term Note Program (EMTN). The Euro bonds were invested in interest-bearing securities.

The EUR 0.5 b. term loan facility issued in Q4 2016 has been terminated.

The average maturity of long-term borrowings as of March 31, 2017, was 4.1 years, compared with 4.5 years 12 months earlier.

In the quarter Standard & Poor's downgraded Ericsson's long-term rating from BBB with negative outlook to BBB- with negative outlook.

Debt maturity profile, Parent Company

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OTHER INFORMATION

Ericsson launched Euro corporate bonds

On February 24, 2017, Ericsson announced a successful launch of one Euro denominated 500 million 4-year bond with a fixed coupon rate of 0.875% and one Euro denominated 500 million 7-year bond with a fixed coupon rate of 1.875%. The bonds were issued under Ericsson's Euro Medium Term Note Program (EMTN).

Ericsson reported restated financials for 2015 and 2016

On March 10, 2017, Ericsson reported restated financials for 2015 and 2016, in accordance with the new segment reporting structure introduced in the Q1 report 2017.

Ericsson presented focused business strategy

On March 28, 2017, Ericsson presented a focused business strategy to revitalize technology and market leadership, improve group profitability and enable customer success. The company announced that it will reallocate resources and increase investments in the following core portfolio areas: networks, digital services (OSS, BSS and telecom core) and Internet of Things (IoT). In addition, the company will implement a refocused strategy for Managed Services to improve profitability and also explore strategic opportunities for the Media and Cloud infrastructure hardware businesses. The refocused strategy will have the following financial consequences in the short term: write down of assets to be made in Q1, 2017, with an estimated impact on operating income of SEK 3-4 b, restructuring charges estimated to approximately SEK 6-8 b. for 2017, of which approximately SEK 2 b. in Q1.

Separately, the company announced that it will make provisions of an estimated SEK 7-9 b. in Q1, triggered by recent negative developments related to certain large customer projects.

Ericsson simplified organizational structure and named Executive Team

On March 28, 2017, Ericsson announced that it would simplify its organizational structure by replacing the Executive Leadership Team and the Global Leadership Team by a single Executive Team. In addition, the geographical setup with ten regions will become five market areas, and the business areas are re-defined and reduced to three. Effective April 1, 2017, Ericsson's Executive Team members are:

President and CEO Börje Ekholm,

Business Area Networks Fredrik Jejdling,

Business Area Managed Services Peter Laurin,

Business Area Digital Services Ulf Ewaldsson,

Market Area North America Rima Qureshi,

Market Area Europe & Latin America Arun Bansal,

Market Area Middle East & Africa Rafiah Ibrahim,

Market Area North East Asia Chris Houghton,

South East Asia, Oceania & India Nunzio Mirtillo,

Technology & Emerging Business Niklas Heuveldop,

Finance & Common Functions Carl Mellander,

Human Resources MajBritt Arfert,

Marketing & Communications Helena Norrman,

Sustainability & Corporate Responsibility Elaine Weidman Grunewald,

Legal Affairs Nina Macpherson,

Advisor to the CEO Jan Frykhammar,

Advisor to the CEO Magnus Mandersson.

Per Borgklint, Anders Lindblad, Jean-Philippe Poirault and Charlotta Sund leave the Executive Leadership Team effective April 1, 2017.

Resolutions at the AGM

On March 29, 2017, Ericsson held its AGM in Kista, Stockholm. The proposed dividend of SEK 1.00 per share was approved by the AGM.

In accordance with the proposal of the Nomination Committee, Leif Johansson was re-elected Chairman of the Board of Directors.

Nora Denzel, Börje Ekholm, Kristin Skogen Lund, Kristin S. Rinne, Sukhinder Singh Cassidy, Helena Stjernholm and Jacob Wallenberg were re-elected to the Board. Jon Fredrik Baksaas, Jan Carlson and Eric A. Elzvik were elected new Board members. Ulf J. Johansson left the Board.

In accordance with the Board of Directors' proposal, the AGM resolved to approve the Guidelines for remuneration to Group Management and the implementation of a Long-Term Variable Compensation Program 2017 for the Executive Team.

The rating for Ericsson was downgraded to BBB- by Standard & Poor's

On March 30, 2017, Standard & Poor's announced that they had downgraded the senior unsecured debt ratings to BBB- with negative outlook from BBB with negative outlook.

Patent infringement lawsuits

In 2012 and 2013, Intellectual Ventures (IV) filed patent infringement lawsuits in the United States District Court for the District of Delaware accusing a number of Ericsson's U.S. customers of infringing 16 U.S. patents, seeking an injunction and monetary damages. The first of these cases is set to go to trial in January 2018. IV subsequently filed

another wave of lawsuits in the District of Delaware accusing a number of Ericsson's U.S. customers of infringing 12 U.S. patents, seeking monetary damages. The first of these cases is set to go to trial in July 2017. The claims and scope of these lawsuits have recently become more well defined.

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

During the first quarter of 2017, Ericsson contracted with Farabord Dadehaye Iranian for sales by Ericsson of communications infrastructure related products and services to Farabord Dadehaye Iranian. During the first quarter of 2017, Ericsson made sales of telecommunications infrastructure related products and services in Iran to Mobile Communication Company of Iran and to MTN Irancell, which generated gross revenues (reported as net sales) of approximately SEK 362 million. Ericsson does not normally allocate quarterly net profit (reported as net income) on a country-by-country or activity-by-activity basis, other than as set forth in Ericsson's consolidated financial statements prepared in accordance with IFRS as issued by the IASB. However, Ericsson has estimated that its operating income (income before taxes and financial net) from such sales, after internal cost allocation, during the first quarter of 2017 would be substantially lower than such gross revenues. During the first quarter of 2017, Post Bank of Iran (a local bank in Iran) issued bank guarantees to secure an Iranian customer's payment obligations to Ericsson.

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RISK FACTORS

Ericsson's operational and financial risk factors and uncertainties are described in our Annual Report 2016.

Risk factors and uncertainties in focus short term for the Parent Company and the Ericsson Group include, but are not limited to:

Potential negative effects on operators' willingness to invest in network development due to uncertainty in the financial markets and a weak economic business environment, or reduced consumer telecom spending, or increased pressure on us to provide financing, or delayed auctions of spectrums;

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

Effects on gross margins and/or working capital of the business mix in the Networks segment between capacity sales and new coverage build-outs;

Effects on gross margins of the business mix in the Networks and IT & Cloud segments including new network build-outs and new managed services or digital transformation deals with initial transition costs;

Effects of the ongoing industry consolidation among our customers as well as between our largest competitors, e.g. with postponed investments and intensified price competition as a consequence;

New and ongoing partnerships which may not be successful and expose us to future costs;

Changes in foreign exchange rates, in particular USD;

Political unrest and uncertainty in certain markets;

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

No guarantees that strategy execution, specific restructuring or cost-savings initiatives, profitability restoring efforts and/or organizational changes will be sufficient, successful or executed in time to deliver any improvements in earnings;

Cyber security incidents, which may have a material negative impact.

Ericsson stringently monitors the compliance with all relevant trade regulations and trade embargos applicable to dealings with customers operating in countries where there are trade restrictions or trade restrictions are discussed. Ericsson operates globally in accordance with Group policies and directives for business ethics and conduct and has a dedicated anti-corruption program. However, in some of the countries where the company operates, corruption risks can be high and compliance failure could have a material adverse impact on our business, financial condition and brand.

Stockholm, April 25, 2017

Telefonaktiebolaget LM Ericsson (publ)

Börje Ekholm, President and CEO

Org. Nr 556016-0680

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

Date for next report: July 18, 2017

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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 and profitability; (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, such as those factors described under the risk factor section. 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 failure to successfully implement our business and operational initiatives

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FINANCIAL STATEMENTS AND

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FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

| SEK million | 2017 | Jan-Mar 2016 | Change | Jan-Dec 2016 |
|---|----------------|-----------------|--------------|-----------------|
| Net sales | 46,369 | 52,209 | -11% | 222,608 |
| Cost of sales | -39,931 | -34,819 | 15% | -156,243 |
| Gross income | 6,438 | 17,390 | -63% | 66,365 |
| Gross margin (%) | 13.9% | 33.3% | | 29.8% |
| Research and development expenses | -9,068 | -7,485 | 21% | -31,635 |
| Selling and administrative expenses | -9,861 | -6,720 | 47% | -28,866 |
| Operating expenses | -18,929 | -14,205 | 33% | -60,501 |
| Other operating income and expenses | 141 | 273 | | 404 |
| Shares in earnings of JV and associated companies | 11 | 17 | | 31 |
| Operating income | -12,339 | 3,475 | -455% | 6,299 |
| Financial income | -82 | -89 | | -115 |
| Financial expenses | -350 | -377 | | -2,158 |
| Income after financial items | -12,771 | 3,009 | -524% | 4,026 |
| Taxes | 1,916 | -903 | | -2,131 |
| Net income | -10,855 | 2,106 | -615% | 1,895 |
| Net income attributable to: | | | | |
| Stockholders of the Parent Company | -10,897 | 1,966 | | 1,716 |
| Non-controlling interests | 42 | 140 | | 179 |
| Other information | | | | |
| Average number of shares, basic (million) | 3,272 | 3,258 | | 3,263 |
| Earnings per share, basic (SEK) ¹⁾ | -3.33 | 0.60 | | 0.53 |
| Earnings per share, diluted (SEK) ¹⁾ | -3.29 | 0.60 | | 0.52 |

¹⁾ Based on Net income attributable to stockholders of the Parent Company.

STATEMENT OF COMPREHENSIVE INCOME

Jan-Mar

Jan-Dec

| SEK million | 2017 | 2016 | 2016 |
|---|----------------|---------------|--------------|
| Net income | -10,855 | 2,106 | 1,895 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefits pension plans incl. asset ceiling | 398 | -3,502 | -1,766 |
| Tax on items that will not be reclassified to profit or loss | -169 | 953 | 520 |
| Items that may be reclassified to profit or loss | | | |
| Available-for-sale financial assets | | | |
| Gains/losses arising during the period | 32 | | -7 |
| Reclassification adjustments on gains/losses included in profit or loss | 3 | | |
| Revaluation of other investments in shares and participations | | | |
| Fair value remeasurement | 2 | -4 | -2 |
| Changes in cumulative translation adjustments | -21 | -1,133 | 4,235 |
| Share of other comprehensive income on JV and associated companies | 10 | -376 | -362 |
| Tax on items that may be reclassified to profit or loss | -9 | | 1 |
| Total other comprehensive income, net of tax | 246 | -4,062 | 2,619 |
| Total comprehensive income | -10,609 | -1,956 | 4,514 |
| Total comprehensive income attributable to: | | | |
| Stockholders of the Parent Company | -10,674 | -2,093 | 4,285 |
| Non-controlling interest | 65 | 137 | 229 |

Table of Contents**CONSOLIDATED BALANCE SHEET**

| SEK million | Mar 31 2017 | Dec 31 2016 |
|--|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Intangible assets | | |
| Capitalized development expenses | 6,460 | 8,076 |
| Goodwill | 43,042 | 43,387 |
| Intellectual property rights, brands and other intangible assets | 5,869 | 7,747 |
| Property, plant and equipment | 16,645 | 16,734 |
| Financial assets | | |
| Equity in JV and associated companies | 792 | 775 |
| Other investments in shares and participations | 1,112 | 1,179 |
| Customer finance, non-current | 2,728 | 2,128 |
| Interest-bearing securities, non-current | 19,124 | 7,586 |
| Other financial assets, non-current | 4,466 | 4,442 |
| Deferred tax assets | 17,435 | 15,522 |
| | 117,673 | 107,576 |
| Current assets | | |
| Inventories | 33,938 | 30,307 |
| Trade receivables | 65,687 | 68,117 |
| Customer finance, current | 2,882 | 2,625 |
| Other current receivables | 25,525 | 24,431 |
| Interest-bearing securities, current | 13,548 | 13,325 |
| Cash and cash equivalents | 32,954 | 36,966 |
| | 174,534 | 175,771 |
| Total assets | 292,207 | 283,347 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Stockholders' equity | 126,105 | 139,817 |
| Non-controlling interest in equity of subsidiaries | 736 | 675 |
| | 126,841 | 140,492 |
| Non-current liabilities | | |
| Post-employment benefits | 23,774 | 23,723 |
| Provisions, non-current | 4,867 | 946 |
| Deferred tax liabilities | 1,888 | 2,147 |

| | | |
|--|----------------|----------------|
| Borrowings, non-current | 27,823 | 18,653 |
| Other non-current liabilities | 2,699 | 2,621 |
| | 61,051 | 48,090 |
| Current liabilities | | |
| Provisions, current | 5,694 | 5,411 |
| Borrowings, current | 9,514 | 8,033 |
| Trade payables | 25,814 | 25,318 |
| Other current liabilities | 63,293 | 56,003 |
| | 104,315 | 94,765 |
| Total equity and liabilities | 292,207 | 283,347 |
| <i>Of which interest-bearing liabilities</i> | 37,337 | 26,686 |
| Assets pledged as collateral | 3,064 | 2,584 |
| Contingent liabilities | 1,729 | 1,186 |

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CONSOLIDATED STATEMENT

OF CASH FLOWS

| SEK million | Jan-Mar 2017 | 2016 | Jan-Dec 2016 |
|--|-----------------|---------------|-----------------|
| Operating activities | | | |
| Net income | -10,855 | 2,106 | 1,895 |
| Adjustments to reconcile net income to cash | | | |
| Taxes | -4,345 | -1,208 | -6,200 |
| Earnings/dividends in JV and associated companies | -7 | -16 | 58 |
| Depreciation, amortization and impairment losses | 5,431 | 2,097 | 9,119 |
| Other | 527 | 652 | 3,135 |
| Net income reconciled to cash | -9,249 | 3,631 | 8,007 |
| Changes in operating net assets | | | |
| Inventories | -3,585 | -4,212 | -613 |
| Customer finance, current and non-current | -834 | -251 | -950 |
| Trade receivables | 2,397 | 3,408 | 5,933 |
| Trade payables | 626 | -617 | 2,775 |
| Provisions and post-employment benefits | 4,645 | -14 | 3,106 |
| Other operating assets and liabilities, net | 4,459 | -4,317 | -4,248 |
| | 7,708 | -6,003 | 6,003 |
| Cash flow from operating activities | -1,541 | -2,372 | 14,010 |
| Investing activities | | | |
| Investments in property, plant and equipment | -1,015 | -1,474 | -6,129 |
| Sales of property, plant and equipment | 69 | 44 | 482 |
| Acquisitions/divestments of subsidiaries and other operations, net | 3 | -108 | -622 |
| Product development | -865 | -1,208 | -4,483 |
| Other investing activities | 110 | 735 | -3,004 |
| Interest-bearing securities | -11,886 | 1,013 | 5,473 |
| Cash flow from investing activities | -13,584 | -998 | -8,283 |
| Cash flow before financing activities | -15,125 | -3,370 | 5,727 |
| Financing activities | | | |
| Dividends paid | -4 | -33 | -12,263 |
| Other financing activities | 10,902 | 94 | 521 |
| Cash flow from financing activities | 10,898 | 61 | -11,742 |
| Effect of exchange rate changes on cash | 215 | -981 | 2,757 |

| | | | |
|---|---------------|---------------|---------------|
| Net change in cash and cash equivalents | -4,012 | -4,290 | -3,258 |
| Cash and cash equivalents, beginning of period | 36,966 | 40,224 | 40,224 |
| Cash and cash equivalents, end of period | 32,954 | 35,934 | 36,966 |

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CONSOLIDATED STATEMENT

OF CHANGES IN EQUITY

| SEK million | Jan-Mar 2017 | 2016 | Jan-Dec 2016 |
|---|----------------------|----------------|-----------------|
| Opening balance | 140,492 | 147,366 | 147,366 |
| Total comprehensive income | -10,609 | -1,956 | 4,514 |
| Sale/repurchase of own shares | 25 | 29 | -216 |
| Stock issue (net) | | | 131 |
| Stock purchase plan | 210 | 238 | 957 |
| Dividends paid | -3,277 ¹⁾ | -33 | -12,263 |
| Transactions with non-controlling interests | | | 3 |
| Closing balance | 126,841 | 145,644 | 140,492 |

¹⁾ Includes accrual of SEK 3,273 million for the dividend approved by the Annual General Meeting on March 29, 2017.

CONSOLIDATED INCOME STATEMENT

- ISOLATED QUARTERS

| Isolated quarters, SEK million | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 |
|---|----------------|----------------|----------------|----------------|----------------|
| Net sales | 46,369 | 65,215 | 51,076 | 54,108 | 52,209 |
| Cost of sales | -39,931 | -48,195 | -36,616 | -36,613 | -34,819 |
| Gross income | 6,438 | 17,020 | 14,460 | 17,495 | 17,390 |
| Gross margin (%) | 13.9% | 26.1% | 28.3% | 32.3% | 33.3% |
| Research and development expenses | -9,068 | -8,890 | -7,855 | -7,405 | -7,485 |
| Selling and administrative expenses | -9,861 | -8,799 | -6,238 | -7,109 | -6,720 |
| Operating expenses | -18,929 | -17,689 | -14,093 | -14,514 | -14,205 |
| Other operating income and expenses | 141 | 364 | -3 | -230 | 273 |
| Shares in earnings of JV and associated companies | 11 | 25 | -23 | 12 | 17 |
| Operating income | -12,339 | -280 | 341 | 2,763 | 3,475 |
| Financial income | -82 | 61 | -226 | 139 | -89 |
| Financial expenses | -350 | -744 | -371 | -666 | -377 |

| | | | | | |
|---|----------------|---------------|-------------|--------------|--------------|
| Income after financial items | -12,771 | -963 | -256 | 2,236 | 3,009 |
| Taxes | 1,916 | -634 | 76 | -670 | -903 |
| Net income | -10,855 | -1,597 | -180 | 1,566 | 2,106 |
| Net income attributable to: | | | | | |
| Stockholders of the Parent Company | -10,897 | -1,604 | -233 | 1,587 | 1,966 |
| Non-controlling interests | 42 | 7 | 53 | -21 | 140 |
| Other information | | | | | |
| Average number of shares, basic (million) | 3,272 | 3,268 | 3,264 | 3,261 | 3,258 |
| Earnings per share, basic (SEK) ¹⁾ | -3.33 | -0.49 | -0.07 | 0.49 | 0.60 |
| Earnings per share, diluted (SEK) ¹⁾ | -3.29 | -0.48 | -0.07 | 0.48 | 0.60 |

¹⁾ Based on Net income attributable to stockholders of the Parent Company.

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CONSOLIDATED STATEMENT

OF CASH FLOWS - ISOLATED QUARTERS

| Isolated quarters, SEK million | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 |
|--|----------------|---------------|---------------|---------------|---------------|
| Operating activities | | | | | |
| Net income | -10,855 | -1,597 | -180 | 1,566 | 2,106 |
| Adjustments to reconcile net income to cash | | | | | |
| Taxes | -4,345 | -300 | -1,282 | -3,410 | -1,208 |
| Earnings/dividends in JV and associated companies | -7 | -21 | 22 | 73 | -16 |
| Depreciation, amortization and impairment losses | 5,431 | 2,610 | 2,308 | 2,104 | 2,097 |
| Other | 527 | 865 | 630 | 988 | 652 |
| Net income reconciled to cash | -9,249 | 1,557 | 1,498 | 1,321 | 3,631 |
| Changes in operating net assets | | | | | |
| Inventories | -3,585 | 4,286 | 980 | -1,667 | -4,212 |
| Customer finance, current and non-current | -834 | -106 | 223 | -816 | -251 |
| Trade receivables | 2,397 | 3,713 | -624 | -564 | 3,408 |
| Trade payables | 626 | 3,306 | -2,371 | 2,457 | -617 |
| Provisions and post-employment benefits | 4,645 | 2,772 | 130 | 218 | -14 |
| Other operating assets and liabilities, net | 4,459 | 3,884 | -2,153 | -1,662 | -4,317 |
| | 7,708 | 17,855 | -3,815 | -2,034 | -6,003 |
| Cash flow from operating activities | -1,541 | 19,412 | -2,317 | -713 | -2,372 |
| Investing activities | | | | | |
| Investments in property, plant and equipment | -1,015 | -1,699 | -1,384 | -1,572 | -1,474 |
| Sales of property, plant and equipment | 69 | 277 | 111 | 50 | 44 |
| Acquisitions/divestments of subsidiaries and other operations, net | 3 | -50 | 16 | -480 | -108 |
| Product development | -865 | -1,291 | -885 | -1,099 | -1,208 |
| Other investing activities | 110 | -2,341 | -508 | -890 | 735 |
| Interest-bearing securities | -11,886 | -1,505 | 610 | 5,355 | 1,013 |
| Cash flow from investing activities | -13,584 | -6,609 | -2,040 | 1,364 | -998 |
| Cash flow before financing activities | -15,125 | 12,803 | -4,357 | 651 | -3,370 |
| Financing activities | | | | | |
| Dividends paid | -4 | | -163 | -12,067 | -33 |
| Other financing activities | 10,902 | -1,039 | -1,295 | 2,761 | 94 |
| Cash flow from financing activities | 10,898 | -1,039 | -1,458 | -9,306 | 61 |
| Effect of exchange rate changes on cash | 215 | 801 | 1,285 | 1,652 | -981 |

| | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| Net change in cash and cash equivalents | -4,012 | 12,565 | -4,530 | -7,003 | -4,290 |
| Cash and cash equivalents, beginning of period | 36,966 | 24,401 | 28,931 | 35,934 | 40,224 |
| Cash and cash equivalents, end of period | 32,954 | 36,966 | 24,401 | 28,931 | 35,934 |

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ADDITIONAL INFORMATION

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, 2016, and should be read in conjunction with that annual report.

There is no significant difference between IFRS effective as per December 31, 2017 and IFRS as endorsed by the EU.

None of the new or amended standards and interpretations that became effective January 1, 2017, have had a significant impact on the financial result or position of the Company.

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NET SALES BY SEGMENT BY QUARTER*

| Isolated quarters, SEK million | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Networks | 34,860 | 47,791 | 37,020 | 40,245 | 39,935 |
| <i>Of which products</i> | 19,410 | 27,519 | 19,249 | 23,037 | 22,795 |
| <i>Of which services</i> | 15,450 | 20,272 | 17,771 | 17,208 | 17,140 |
| IT & Cloud | 9,545 | 14,884 | 11,716 | 11,500 | 9,830 |
| <i>Of which products</i> | 4,103 | 6,682 | 5,479 | 5,298 | 4,773 |
| <i>Of which services</i> | 5,442 | 8,202 | 6,237 | 6,202 | 5,057 |
| Media | 1,964 | 2,540 | 2,340 | 2,363 | 2,444 |
| Total | 46,369 | 65,215 | 51,076 | 54,108 | 52,209 |

| Sequential change, percent | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 |
|----------------------------|-------------|------------|------------|-----------|-------------|
| Networks | -27% | 29% | -8% | 1% | |
| <i>Of which products</i> | -29% | 43% | -16% | 1% | |
| <i>Of which services</i> | -24% | 14% | 3% | 0% | |
| IT & Cloud | -36% | 27% | 2% | 17% | |
| <i>Of which products</i> | -39% | 22% | 3% | 11% | |
| <i>Of which services</i> | -34% | 32% | 1% | 23% | |
| Media | -23% | 9% | -1% | -3% | |
| Total | -29% | 28% | -6% | 4% | -29% |

| Year over year change, percent | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 |
|--------------------------------|-------------|-------------|-------------|-------------|------------|
| Networks | -13% | | | | |
| <i>Of which products</i> | -15% | | | | |
| <i>Of which services</i> | -10% | | | | |
| IT & Cloud | -3% | | | | |
| <i>Of which products</i> | -14% | | | | |
| <i>Of which services</i> | 8% | | | | |
| Media | -20% | | | | |
| Total | -11% | -11% | -14% | -11% | -2% |

| Year to date, SEK million | 2017 Jan-Mar | Jan-Dec | 2016 Jan-Sep | Jan-Jun | Jan-Mar |
|---------------------------|-----------------|---------|-----------------|---------|---------|
| Networks | 34,860 | 164,991 | 117,200 | 80,180 | 39,935 |

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| | | | | | |
|--------------------------|---------------|----------------|----------------|----------------|---------------|
| <i>Of which products</i> | 19,410 | 92,600 | 65,081 | 45,832 | 22,795 |
| <i>Of which services</i> | 15,450 | 72,391 | 52,119 | 34,348 | 17,140 |
| IT & Cloud | 9,545 | 47,930 | 33,046 | 21,330 | 9,830 |
| <i>Of which products</i> | 4,103 | 22,232 | 15,550 | 10,071 | 4,773 |
| <i>Of which services</i> | 5,442 | 25,698 | 17,496 | 11,259 | 5,057 |
| Media | 1,964 | 9,687 | 7,147 | 4,807 | 2,444 |
| Total | 46,369 | 222,608 | 157,393 | 106,317 | 52,209 |

| Year to date, year over year change, percent | 2017 | 2016 | | | |
|--|-------------|-------------|------------|------------|------------|
| | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Networks | -13% | -11% | | | |
| <i>Of which products</i> | -15% | -12% | | | |
| <i>Of which services</i> | -10% | -8% | | | |
| IT & Cloud | -3% | -7% | | | |
| <i>Of which products</i> | -14% | -16% | | | |
| <i>Of which services</i> | 8% | 1% | | | |
| Media | -20% | -7% | | | |
| Total | -11% | -10% | -9% | -7% | -2% |

* Net sales by segment has been restated for each quarter of 2016 and for the full year 2015. Comparisons against isolated quarters in 2015 are not available by segment.

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GROSS INCOME AND GROSS MARGIN

BY SEGMENT BY QUARTER

| Isolated quarters, SEK million | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 |
|--------------------------------|--------------|---------------|---------------|---------------|---------------|
| Networks | 7,980 | 11,783 | 9,867 | 12,522 | 13,011 |
| IT & Cloud | -2,100 | 4,676 | 3,833 | 4,061 | 3,281 |
| Media | 558 | 561 | 760 | 912 | 1,098 |
| Total | 6,438 | 17,020 | 14,460 | 17,495 | 17,390 |

| Isolated quarters, As percentage of net sales | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 |
|---|------------|------------|------------|------------|------------|
| Networks | 23% | 25% | 27% | 31% | 33% |
| IT & Cloud | -22% | 31% | 33% | 35% | 33% |
| Media | 28% | 22% | 32% | 39% | 45% |
| Total | 14% | 26% | 28% | 32% | 33% |

| Year to date, SEK million | 2017 Jan-Mar | Jan-Dec | 2016 Jan-Sep | Jan-Jun | Jan-Mar |
|---------------------------|-----------------|---------------|-----------------|---------------|---------------|
| Networks | 7,980 | 47,183 | 35,400 | 25,533 | 13,011 |
| IT & Cloud | -2,100 | 15,851 | 11,175 | 7,342 | 3,281 |
| Media | 558 | 3,331 | 2,770 | 2,010 | 1,098 |
| Total | 6,438 | 66,365 | 49,345 | 34,885 | 17,390 |

| Year to date, As percentage of net sales | 2017 Jan-Mar | Jan-Dec | 2016 Jan-Sep | Jan-Jun | Jan-Mar |
|--|-----------------|------------|-----------------|------------|------------|
| Networks | 23% | 29% | 30% | 32% | 33% |
| IT & Cloud | -22% | 33% | 34% | 34% | 33% |
| Media | 28% | 34% | 39% | 42% | 45% |
| Total | 14% | 30% | 31% | 33% | 33% |

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OPERATING INCOME AND OPERATING MARGIN

BY SEGMENT BY QUARTER

| Isolated quarters, SEK million | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 |
|--------------------------------|----------------|-------------|------------|--------------|--------------|
| Networks | -538 | 2,380 | 2,839 | 4,789 | 5,762 |
| IT & Cloud | -8,997 | -1,819 | -1,740 | -1,546 | -1,977 |
| Media | -2,804 | -841 | -758 | -480 | -310 |
| Total | -12,339 | -280 | 341 | 2,763 | 3,475 |

| Isolated quarters, As percentage of net sales | 2017 Q1 | Q4 | 2016 Q3 | Q2 | Q1 |
|---|-------------|-----------|------------|-----------|-----------|
| Networks | -2% | 5% | 8% | 12% | 14% |
| IT & Cloud | -94% | -12% | -15% | -13% | -20% |
| Media | -143% | -33% | -32% | -20% | -13% |
| Total | -27% | 0% | 1% | 5% | 7% |

| Year to date, SEK million | 2017 Jan-Mar | Jan-Dec | 2016 Jan-Sep | Jan-Jun | Jan-Mar |
|---------------------------|-----------------|--------------|-----------------|--------------|--------------|
| Networks | -538 | 15,770 | 13,390 | 10,551 | 5,762 |
| IT & Cloud | -8,997 | -7,082 | -5,263 | -3,523 | -1,977 |
| Media | -2,804 | -2,389 | -1,548 | -790 | -310 |
| Total | -12,339 | 6,299 | 6,579 | 6,238 | 3,475 |

| Year to date As percentage of net sales | 2017 Jan-Mar | Jan-Dec | 2016 Jan-Sep | Jan-Jun | Jan-Mar |
|---|-----------------|-----------|-----------------|-----------|-----------|
| Networks | -2% | 10% | 11% | 13% | 14% |
| IT & Cloud | -94% | -15% | -16% | -17% | -20% |
| Media | -143% | -25% | -22% | -16% | -13% |
| Total | -27% | 3% | 4% | 6% | 7% |

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NET SALES

BY REGION BY QUARTER*

| Isolated quarters, SEK million | 2017 | 2016 | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | Q1 | Q4 | Q3 | Q2 | Q1 |
| North America | 11,811 | 14,851 | 13,178 | 13,358 | 13,147 |
| Latin America | 2,887 | 4,974 | 4,383 | 4,550 | 4,047 |
| Northern Europe & Central Asia ^{1) 2)} | 1,735 | 2,781 | 2,105 | 2,158 | 2,286 |
| Western & Central Europe ²⁾ | 3,645 | 4,588 | 3,949 | 4,828 | 4,373 |
| Mediterranean ²⁾ | 4,440 | 6,785 | 4,667 | 5,546 | 4,394 |
| Middle East | 3,487 | 6,397 | 4,286 | 4,926 | 3,579 |
| Sub Saharan Africa | 1,927 | 2,732 | 2,012 | 2,313 | 2,120 |
| India | 2,422 | 3,042 | 2,597 | 2,426 | 2,683 |
| North East Asia | 5,561 | 9,623 | 6,122 | 6,041 | 5,579 |
| South East Asia & Oceania | 5,587 | 6,676 | 5,081 | 5,304 | 5,222 |
| Other ^{1) 2)} | 2,867 | 2,766 | 2,696 | 2,658 | 4,779 |
| Total | 46,369 | 65,215 | 51,076 | 54,108 | 52,209 |

¹⁾ Of which in Sweden 925 843 690 477 1,113

²⁾ Of which in EU 8,239 11,154 8,507 9,635 9,229

| Sequential change, percent | 2017 | 2016 | | | |
|---|-------------|------------|------------|-----------|-------------|
| | Q1 | Q4 | Q3 | Q2 | Q1 |
| North America | -20% | 13% | -1% | 2% | -21% |
| Latin America | -42% | 13% | -4% | 12% | -34% |
| Northern Europe & Central Asia ^{1) 2)} | -38% | 32% | -2% | -6% | -22% |
| Western & Central Europe ²⁾ | -21% | 16% | -18% | 10% | -25% |
| Mediterranean ²⁾ | -35% | 45% | -16% | 26% | -38% |
| Middle East | -45% | 49% | -13% | 38% | -41% |
| Sub Saharan Africa | -29% | 36% | -13% | 9% | -26% |
| India | -20% | 17% | 7% | -10% | -15% |
| North East Asia | -42% | 57% | 1% | 8% | -37% |
| South East Asia & Oceania | -16% | 31% | -4% | 2% | -3% |
| Other ^{1) 2)} | 4% | 3% | 1% | -44% | -44% |
| Total | -29% | 28% | -6% | 4% | -29% |

¹⁾ Of which in Sweden 10% 22% 45% -57% 15%

²⁾ Of which in EU -26% 31% -12% 4% -27%

| Year-over-year change, percent | 2017 | 2016 | | | |
|--------------------------------|------|------|----|----|----|
| | Q1 | Q4 | Q3 | Q2 | Q1 |

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| North America | -10% | -11% | -8% | -8% | 8% |
| Latin America | -29% | -19% | -22% | -10% | -12% |
| Northern Europe & Central Asia ^{1) 2)} | -24% | -5% | -19% | -18% | -18% |
| Western & Central Europe ²⁾ | -17% | -21% | -21% | -15% | -17% |
| Mediterranean ²⁾ | 1% | -4% | -17% | -7% | -14% |
| Middle East | -3% | 5% | -25% | -24% | -21% |
| Sub Saharan Africa | -9% | -4% | -25% | -13% | -2% |
| India | -10% | -4% | -28% | -20% | -24% |
| North East Asia | 0% | 8% | -4% | -13% | -7% |
| South East Asia & Oceania | 7% | 25% | 5% | 8% | 23% |
| Other ^{1) 2)} | -40% | -67% | -6% | -3% | 54% |
| Total | -11% | -11% | -14% | -11% | -2% |
| <i>¹⁾ Of which in Sweden</i> | <i>-17%</i> | <i>-13%</i> | <i>-39%</i> | <i>-20%</i> | <i>2%</i> |
| <i>²⁾ Of which in EU</i> | <i>-11%</i> | <i>-12%</i> | <i>-20%</i> | <i>-16%</i> | <i>-15%</i> |

* Net sales by region has been restated. Broadcast services, previously reported in Region Other, is now reported per geographical region. In addition, part of the business related to former Telcordia has been transferred from the geographic regions to Region Other.

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NET SALES

BY REGION BY QUARTER, CONT.*

| Year to date, SEK million | 2017 | 2016 | | | |
|---|---------------|----------------|----------------|----------------|---------------|
| | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| North America | 11,811 | 54,534 | 39,683 | 26,505 | 13,147 |
| Latin America | 2,887 | 17,954 | 12,980 | 8,597 | 4,047 |
| Northern Europe & Central Asia ^{1) 2)} | 1,735 | 9,330 | 6,549 | 4,444 | 2,286 |
| Western & Central Europe ²⁾ | 3,645 | 17,738 | 13,150 | 9,201 | 4,373 |
| Mediterranean ²⁾ | 4,440 | 21,392 | 14,607 | 9,940 | 4,394 |
| Middle East | 3,487 | 19,188 | 12,791 | 8,505 | 3,579 |
| Sub Saharan Africa | 1,927 | 9,177 | 6,445 | 4,433 | 2,120 |
| India | 2,422 | 10,748 | 7,706 | 5,109 | 2,683 |
| North East Asia | 5,561 | 27,365 | 17,742 | 11,620 | 5,579 |
| South East Asia & Oceania | 5,587 | 22,283 | 15,607 | 10,526 | 5,222 |
| Other ^{1) 2)} | 2,867 | 12,899 | 10,133 | 7,437 | 4,779 |
| Total | 46,369 | 222,608 | 157,393 | 106,317 | 52,209 |

¹⁾ Of which in Sweden 925 3,123 2,280 1,590 1,113

²⁾ Of which in EU 8,239 38,525 27,371 18,864 9,229

| Year to date, year-over-year change, percent | 2017 | 2016 | | | |
|---|-------------|-------------|------------|------------|------------|
| | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| North America | -10% | -6% | -3% | -1% | 8% |
| Latin America | -29% | -16% | -15% | -11% | -12% |
| Northern Europe & Central Asia ^{1) 2)} | -24% | -15% | -18% | -18% | -18% |
| Western & Central Europe ²⁾ | -17% | -18% | -17% | -16% | -17% |
| Mediterranean ²⁾ | 1% | -10% | -12% | -10% | -14% |
| Middle East | -3% | -16% | -24% | -23% | -21% |
| Sub Saharan Africa | -9% | -11% | -14% | -8% | -2% |
| India | -10% | -20% | -25% | -22% | -24% |
| North East Asia | 0% | -3% | -8% | -10% | -7% |
| South East Asia & Oceania | 7% | 15% | 12% | 15% | 23% |
| Other ^{1) 2)} | -40% | -25% | 16% | 27% | 54% |
| Total | -11% | -10% | -9% | -7% | -2% |

¹⁾ Of which in Sweden -17% -18% -19% -6% 2%

²⁾ Of which in EU -11% -15% -17% -16% -15%

* Net sales by region has been restated. Broadcast services, previously reported in Region Other, is now reported per geographical region. In addition, part of the business related to former Telcordia has been transferred from the

geographic regions to Region Other.
 TOP 5 COUNTRIES IN SALES

| Country Percentage of Net sales | Q1 | | Jan-Dec 2016 |
|------------------------------------|------|------|-----------------|
| | 2017 | 2016 | |
| United States | 26% | 27% | 25% |
| China | 7% | 9% | 9% |
| India | 5% | 5% | 5% |
| Japan | 5% | 4% | 3% |
| Vietnam | 4% | 1% | 1% |

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NET SALES

BY REGION BY SEGMENT

| SEK million | Q1 2017 | | | |
|--------------------------------|---------------|--------------|--------------|---------------|
| | Networks | IT & Cloud | Media | Total |
| North America | 9,229 | 2,287 | 295 | 11,811 |
| Latin America | 2,015 | 845 | 27 | 2,887 |
| Northern Europe & Central Asia | 1,208 | 424 | 103 | 1,735 |
| Western & Central Europe | 2,519 | 690 | 436 | 3,645 |
| Mediterranean | 2,844 | 1,367 | 229 | 4,440 |
| Middle East | 2,397 | 1,015 | 75 | 3,487 |
| Sub Saharan Africa | 1,354 | 538 | 35 | 1,927 |
| India | 1,825 | 586 | 11 | 2,422 |
| North East Asia | 4,625 | 889 | 47 | 5,561 |
| South East Asia & Oceania | 4,828 | 692 | 67 | 5,587 |
| Other | 2,016 | 212 | 639 | 2,867 |
| Total | 34,860 | 9,545 | 1,964 | 46,369 |
| Share of total | 75% | 21% | 4% | 100% |

| Sequential change, percent | Q1 2017 | | | |
|--------------------------------|-------------|-------------|-------------|-------------|
| | Networks | IT & Cloud | Media | Total |
| North America | -22% | -11% | -42% | -20% |
| Latin America | -43% | -35% | -79% | -42% |
| Northern Europe & Central Asia | -39% | -37% | -20% | -38% |
| Western & Central Europe | -8% | -47% | -21% | -21% |
| Mediterranean | -25% | -49% | -27% | -35% |
| Middle East | -47% | -42% | -15% | -45% |
| Sub Saharan Africa | -36% | -10% | 775% | -29% |
| India | -28% | 21% | -39% | -20% |
| North East Asia | -35% | -63% | -18% | -42% |
| South East Asia & Oceania | -15% | -21% | -29% | -16% |
| Other | 9% | -21% | -2% | 4% |
| Total | -27% | -36% | -23% | -29% |

| Year over year change, percent | Q1 2017 | | | |
|--------------------------------|----------|------------|-------|-------|
| | Networks | IT & Cloud | Media | Total |

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| | | | | |
|--------------------------------|-------------|------------|-------------|-------------|
| North America | -15% | 32% | -44% | -10% |
| Latin America | -32% | -19% | -52% | -29% |
| Northern Europe & Central Asia | -31% | 4% | -18% | -24% |
| Western & Central Europe | -21% | 6% | -20% | -17% |
| Mediterranean | 4% | -6% | 8% | 1% |
| Middle East | -3% | -1% | -7% | -3% |
| Sub Saharan Africa | -8% | -16% | 150% | -9% |
| India | -15% | 17% | -52% | -10% |
| North East Asia | 8% | -30% | 4% | 0% |
| South East Asia & Oceania | 8% | 3% | 10% | 7% |
| Other | -44% | -52% | -15% | -40% |
| Total | -13% | -3% | -20% | -11% |

Table of Contents**PROVISIONS**

| Isolated quarters, SEK million | 2017 | | 2016 | | |
|--|---------------|--------------|--------------|--------------|--------------|
| | Q1 | Q4 | Q3 | Q2 | Q1 |
| Opening balance | 6,357 | 3,245 | 3,387 | 3,532 | 3,838 |
| Additions | 6,365 | 4,349 | 666 | 839 | 492 |
| Utilization/Cash out | -2,085 | -976 | -716 | -794 | -667 |
| <i>Of which restructuring</i> | <i>-1,586</i> | <i>-785</i> | <i>-529</i> | <i>-639</i> | <i>-487</i> |
| Reversal of excess amounts | -66 | -253 | -129 | -240 | -67 |
| Reclassification, translation difference and other | -11 | -8 | 37 | 50 | -64 |
| Closing balance | 10,560 | 6,357 | 3,245 | 3,387 | 3,532 |

| Year to date, SEK million | 2017 | | 2016 | | |
|--|---------------|---------------|---------------|---------------|--------------|
| | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Opening balance | 6,357 | 3,838 | 3,838 | 3,838 | 3,838 |
| Additions | 6,365 | 6,346 | 1,997 | 1,331 | 492 |
| Utilization/Cash out | -2,085 | -3,153 | -2,177 | -1,461 | -667 |
| <i>Of which restructuring</i> | <i>-1,586</i> | <i>-2,440</i> | <i>-1,655</i> | <i>-1,126</i> | <i>-487</i> |
| Reversal of excess amounts | -66 | -689 | -436 | -307 | -67 |
| Reclassification, translation difference and other | -11 | 15 | 23 | -14 | -64 |
| Closing balance | 10,560 | 6,357 | 3,245 | 3,387 | 3,532 |

INFORMATION ON INVESTMENTS

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

| Isolated quarters, SEK million | 2017 | | 2016 | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q4 | Q3 | Q2 | Q1 |
| Additions | | | | | |
| Property, plant and equipment | 1,015 | 1,699 | 1,384 | 1,572 | 1,474 |
| Capitalized development expenses ¹⁾ | 865 | 1,291 | 885 | 1,099 | 1,208 |
| IPR, brands and other intangible assets | 1 | 0 | -4 | 13 | 5 |
| Total | 1,881 | 2,990 | 2,265 | 2,684 | 2,687 |
| Depreciation, amortization and impairment losses | | | | | |
| Property, plant and equipment | 1,075 | 1,318 | 1,106 | 1,083 | 1,062 |
| Capitalized development expenses | 2,481 | 652 | 511 | 386 | 351 |
| IPR, brands and other intangible assets | 1,875 | 640 | 691 | 635 | 684 |

| | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|
| Total | 5,431 | 2,610 | 2,308 | 2,104 | 2,097 |
|--------------|--------------|--------------|--------------|--------------|--------------|

¹⁾ Including reclassification

| Year to date, SEK million | 2017 | 2016 | | | |
|---|--------------|---------------|--------------|--------------|--------------|
| | Jan-Mar | Jan-Dec | Jan-Sep | Jan-Jun | Jan-Mar |
| Additions | | | | | |
| Property, plant and equipment | 1,015 | 6,129 | 4,430 | 3,046 | 1,474 |
| Capitalized development expenses ¹⁾ | 865 | 4,483 | 3,192 | 2,307 | 1,208 |
| IPR, brands and other intangible assets | 1 | 14 | 14 | 18 | 5 |
| Total | 1,881 | 10,626 | 7,636 | 5,371 | 2,687 |
| Depreciation, amortization and impairment losses | | | | | |
| Property, plant and equipment | 1,075 | 4,569 | 3,251 | 2,145 | 1,062 |
| Capitalized development expenses | 2,481 | 1,900 | 1,248 | 737 | 351 |
| IPR, brands and other intangible assets | 1,875 | 2,650 | 2,010 | 1,319 | 684 |
| Total | 5,431 | 9,119 | 6,509 | 4,201 | 2,097 |

¹⁾ Including reclassification

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OTHER INFORMATION

| SEK million | Jan-Mar 2017 | 2016 | Jan-Dec 2016 |
|---|-----------------|--------|-----------------|
| Number of shares and earnings per share | | | |
| Number of shares, end of period (million) | 3,331 | 3,305 | 3,331 |
| Of which class A-shares (million) | 262 | 262 | 262 |
| Of which class B-shares (million) | 3,069 | 3,043 | 3,069 |
| Number of treasury shares, end of period (million) | 58 | 46 | 62 |
| Number of shares outstanding, basic, end of period (million) | 3,273 | 3,259 | 3,269 |
| Numbers of shares outstanding, diluted, end of period (million) | 3,314 | 3,293 | 3,309 |
| Average number of treasury shares (million) | 59 | 47 | 60 |
| Average number of shares outstanding, basic (million) | 3,272 | 3,258 | 3,263 |
| Average number of shares outstanding, diluted (million) ¹⁾ | 3,313 | 3,292 | 3,303 |
| Earnings per share, basic (SEK) | -3.33 | 0.60 | 0.53 |
| Earnings per share, diluted (SEK) ¹⁾ | -3.29 | 0.60 | 0.52 |
| Ratios | | | |
| Days sales outstanding | 117 | 108 | 95 |
| Inventory turnover days | 73 | 80 | 69 |
| Payable days | 58 | 58 | 56 |
| Exchange rates used in the consolidation ²⁾ | | | |
| SEK/EUR- closing rate | 9.54 | 9.23 | 9.56 |
| SEK/USD- closing rate | 8.93 | 8.11 | 9.06 |
| Other | | | |
| Regional inventory, end of period | 19,047 | 18,089 | 16,231 |
| Export sales from Sweden | 21,460 | 23,254 | 107,036 |

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

²⁾ Translation method changed from 2015. Monthly rates used to translate transactions are available on www.ericsson.com/thecompany/investors.

NUMBER OF EMPLOYEES

| End of period | 2017 | | 2016 | | |
|--|--------|--------|--------|--------|--------|
| | Mar 31 | Dec 31 | Sep 30 | Jun 30 | Mar 31 |
| North America | 11,253 | 11,547 | 12,229 | 13,838 | 14,081 |
| Latin America | 9,252 | 9,513 | 9,592 | 9,616 | 9,836 |
| Northern Europe & Central Asia ¹⁾ | 18,534 | 19,136 | 19,759 | 20,177 | 20,167 |
| Western & Central Europe | 13,368 | 13,646 | 13,574 | 13,727 | 12,100 |
| Mediterranean | 13,040 | 12,578 | 13,110 | 12,957 | 12,906 |

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| | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| Middle East | 3,256 | 3,346 | 3,479 | 3,573 | 3,608 |
| Sub Saharan Africa | 2,012 | 2,086 | 2,167 | 2,347 | 2,377 |
| India | 23,253 | 22,552 | 22,340 | 22,541 | 22,424 |
| North East Asia | 12,962 | 13,042 | 13,434 | 13,547 | 13,623 |
| South East Asia & Oceania | 3,968 | 4,018 | 4,113 | 4,184 | 4,178 |
| Total | 110,898 | 111,464 | 113,797 | 116,507 | 115,300 |
| <i>¹⁾ Of which in Sweden</i> | <i>14,712</i> | <i>15,303</i> | <i>15,872</i> | <i>16,190</i> | <i>16,290</i> |