ERICSSON LM TELEPHONE CO
Form 6-K
April 25, 2013
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

April 25, 2013

LM ERICSSON TELEPHONE COMPANY

(Translation of registrant s name into English)

Torshamnsgatan 23, Kista

SE-164 83, Stockholm, Sweden

(Address of principal executive offices)

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

Form 20-F x 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 x

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 AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.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: **April 25, 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 and to be part thereof from the date on which this report is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.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 first quarter report 2013, ADJUSTED for registration statement on Form F-3 (No. 333-180880)

APRIL 24, 2013

FIRST QUARTER HIGHLIGHTS

Sales in the quarter were SEK 52.0 b.

Operating income incl. JV was SEK 2.1 b. with an operating margin of 4.0%. Excluding the restructuring charges related to the reduction of operations in Sweden of SEK 1.4 b. the margin amounted to 6.7%. Last year s margin of 17.8% was positively impacted by a gain of SEK 7.7 b. from the divestment of Sony Ericsson.

Net income was SEK 1.2 (8.8) b.

EPS diluted was SEK 0.37 (2.76).

Cash flow from operating activities was SEK-3.0 b. primarily driven by higher working capital.

*Net cash decreased by SEK -6.3 b. QoQ to SEK 32.2 b. mainly due to negative operating cash flow and reclassification of Swedish special payroll taxes of SEK 1.8 b. from Other current liabilities to Pension liabilities.

* Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 32

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SEK b.	Q1 2013	Q1 2012[2)]	YoY Change	Q4 2012	QoQ Change
Net sales	**52.0**	51.0	2%	66.9	-22%
Of which Networks	***28.1***	*27.3*	3%	35.3	-20%

Of which Global Services	***21.5***	*20.6*	4%	28.0	-24%
Of which Support Solutions	***2.4***	*3.0*	-19%	3.6	-33%
Gross margin	**32.0%**	33.3%		31.1%	
Operating income excl JV	**2.1**	10.5	-80%	4.8	-55%
Operating margin excl JV	**4.1%**	20.6%		7.1%	
Of which Networks	***6%***	*6%*		8%	
Of which Global Services	***3%***	*6%*		6%	
Of which Support Solutions	***-1%***	*-1%*		8%	
Operating income incl JV	**2.1**	9.1	-77%	-3.8	
Operating margin incl JV	**4.0%**	17.8%		-5.7%	
Net income	**1.2**	8.8	-86%	-6.3	
EPS diluted, SEK	**0.37**	2.76	-87%	-1.99	
Cash flow from operating activities	**-3.0**	0.7		15.7	
*Net cash, end of period	**32.2**	37.1	-13%	38.5	-16%

[1] EPS, diluted, excl. amortizations, write-downs of acquired intangible assets, and restructuring

[2] Q1 2012 includes a gain from the divestment of Sony Ericsson of SEK 7.7 b.

* Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures can be found on page 32

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COMMENTS FROM HANS VESTBERG, PRESIDENT AND CEO

Sales showed positive development in the quarter with a growth of 2%YoY, despite currency headwind, said Hans Vestberg, President and CEO of Ericsson. (NASDAQ:ERIC).

The sales increase was primarily driven by Networks and rollout services, following high project activities primarily in Europe and North America. North America remained the strongest region and showed a growth of 23% despite the decline in CDMA. North East Asia had a challenging quarter with lower sales in South Korea, which remains one of the most advanced LTE markets but without parallel 3G deployments as in Q112,continued structural decline in GSM investments in China and FX effects in Japan.

Looking at the areas of portfolio momentum, we see continued good development in Managed Services with 21 new contracts signed during the quarter. Within the Mobile Broadband area, the vendor selection processes for 4G/LTE in Russia and China have been initiated. We also see continued momentum for our SSR routing platform with 12 new contracts in the quarter. Within OSS and BSS demand continued to be strong.

At the Mobile World Congress (MWC) in Barcelona the trends in focus verify our belief that the Networked Society is coming to life. The growth in data traffic and video in the networks drives demand for mobile broadband and OSS and BSS. Other key topics at the MWC were software defined networks, cloud and machine-to-machine communications that will all be part of shaping the industry for the coming years.

Profitability improved YoY, adjusted for the restructuring charges related to the reduction of operations in Sweden concluded in Q1 and last year s gain from the divestment of Sony Ericsson. The improvement is mainly due to higher sales in Networks and a continued reduction in operating expenses, offset by negative operating income in Network Rollout and negative FX effects.

The underlying business mix, with a higher share of coverage projects than capacity projects, continued as anticipated during the quarter. With present visibility of customer demand, and current global economic development, we continue to believe that the underlying business mix will start to gradually shift towards more capacity projects during the second half of 2013.

We continue to execute on our strategy. During the quarter we announced the way forward for our JV ST-Ericsson and in April 2013 we announced our intention to acquire Microsoft s Mediaroom to strengthen our media position.

While macroeconomic and political uncertainty continues in certain regions, the long-term fundamentals in the industry remain attractive and we are well positioned to continue to support our customers in a transforming ICT market, concludes Vestberg.

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Financial highlights first quarter

INCOME STATEMENT

During the quarter, the SEK was further strengthened, negatively impacting sales especially in JPY and USD.

Networks sales increased 3% YoY, primarily driven by North America and South East Asia. Networks sales decreased -20% QoQ, partly due to lower sales in North East Asia, offset by continued high business activity in North America.

Global Services grew 4% YoY, driven by Network Rollout and decreased -24% QoQ, partly due to lower business activity in North East Asia and delays in LTE deployments in Latin America.

Support Solutions sales declined -19% YoY and -33% QoQ, mainly due to the divestment of Multimedia Brokering (IPX) in Q312 and negative FX effects.

Restructuring charges for the Group amounted to SEK 1.8 (0.6) b. of which SEK 1.4 b. related to the significant reduction of operations in Sweden. We also continued to execute on our service delivery strategy to move service delivery local resources to global centers, although at a slower pace this quarter.

Gross margin decreased YoY to 32.0% (33.3%), and increased from 31.1% Q412. The YoY decrease was due to lower Network Rollout margin and higher restructuring charges. This was partly offset by gradually declining effects from the network modernization projects in Europe, which also explain the sequential margin improvement.

With present visibility of customer demand, and current global economic development, we continue to believe that the underlying business mix will start to gradually shift towards more capacity projects during the second half of 2013. The negative impact from the network modernization projects in Europe will continue to gradually decline during 2013.

Total operating expenses increased YoY by SEK 0.3 b. to SEK 14.5 (14.2) b. due to increased restructuring charges in the quarter. R&D expenses amounted to SEK 7.9 (8.0) b. and included restructuring charges of SEK 0.6 (0.0) b. Selling and general administrative expenses (SG&A) increased YoY to SEK 6.6 (6.2) b. due to restructuring charges of SEK 0.6 (0.1) b.

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Other operating income and expenses amounted to SEK 0.0 (7.7) b. Last year s divestment of Sony Ericsson resulted in a gain of SEK 7.7 b. In the quarter we changed the hedge accounting for new hedges made 2013 and onwards (see Accounting Policies). The hedge effect on other operating income was SEK -0.1 b.

Ericsson s share in ST-Ericsson s income before tax was SEK 0.0 (-1.4) b.

Operating income, including JV, decreased to SEK 2.1 (9.1) b. mainly due to restructuring charges relating to the reduction of operations in Sweden and high 2012 comparison due to the gain related to the

divestment of Sony Ericsson. Operating income was also negatively impacted by FX effects both YoY and QoQ. Operating margin including JV was 4.0% (17.8%).

Financial net amounted to SEK -0.4 (0.0) b. and decreased QoQ from SEK -0.1 b. mainly due to lower interest income and currency revaluation effects including impact from devaluation in Venezuela. Tax costs were SEK -0.5 (-0.3) b.

Net income decreased to SEK 1.2 (8.8) b. following the decline in operating income.

EPS diluted was SEK 0.37 (2.76).

BALANCE SHEET AND OTHER PERFORMANCE INDICATORS FIRST QUARTER

Trade receivables increased QoQ to SEK 65.1 (63.7) b.and inventory increased QoQ to SEK 29.8 (28.8) b., due to high business and project activities. Accounts payable decreased as a consequence of the high volumes in Q412.

Cash, cash equivalents and short-term investments amounted to SEK 72.1 (76.7) b. The net cash position decreased QoQ by SEK -6.3 b. to SEK 32.2 (38.5) b., primarily due to the negative operating cash flow and reclassification of Swedish special payroll taxes of SEK 1.8 b. from Other current liabilities to Pension liabilities in line with the implementation of IAS19R on January 1, 2013.

During the quarter, approximately SEK 0.8 b. of provisions were utilized, of which SEK 0.3 b. were related to restructuring. Additions of SEK 1.9 b. were made, of which SEK 1.6 b. related to restructuring. Reversals of SEK 0.2 b. were made.

The negative cash flow from operating activities was driven by increased working capital of SEK 4.6 b. Cash outlays for restructuring amounted to SEK 0.3 (0.4) b. Cash outlays of SEK 2.4 b. remain to be made from the restructuring provision.

The total number of employees decreased QoQ to 109,648 (110,255) due to continued efficiency improvements. The reduction of operations in Sweden had limited impact on headcount in Q1.

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SEGMENT RESULTS

NETWORKS

SEK b.	Q1 2013	Q1 2012	YoY Change	Q4 2012	QoQ Change
Network sales	**28.1**	27.3	3%	35.3	-20%
Operating income	**1.6**	1.6	-5%	2.8	-44%
Operating margin	**6%**	6%		8%	

The structural decline in CDMA continued with -42% in the quarter to SEK 1.3 b. Sales declined QoQ due to the continued structural decline of GSM sales in China as well as declining sales in Japan, mainly due to FX effects. The business activity in North America remained high in the quarter.

The operator focus on monetizing their increasing data traffic is driving demand for mobile broadband including our 4th Generation IP solutions. There is good momentum for the SSR routing platform with 51 contracts signed since launch in December 2011, of which 12 new contracts were signed in Q1 2013.

The worldwide LTE radio access deployments continue to drive demand also for HSPA, packet core networks and VoLTE. In early February, Ericsson signed its 100th Evolved Packet Core (EPC) contract. We see a trend of higher adoption rate for software features as operators aim for differentiated services, higher network performance and increase their focus on cost effectiveness.

Operating margin was flat YoY, negatively impacted by restructuring charges related to reductions of operations in Sweden. Total restructuring charges in the quarter were SEK 1.3 (0.1) b. The operating margin decline QoQ was due to lower sales volumes. This was partly offset by reduced underlying operating expenses and the gradually decreasing negative effect from the network modernization projects in Europe.

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GLOBAL SERVICES

SEK b.	Q1 2013	Q1 2012	YoY Change	Q4 2012	QoQ Change
Global Services sales	**21.5**	20.6	4%	28.0	-24%
Of which Professional Services	***14.6***	*14.9*	*-2%*	*18.9*	*-23%*
Of which Managed Services	***5.9***	*5.7*	*3%*	*6.8*	*-13%*
Of which Network Rollout	***6.8***	*5.7*	*19%*	*9.2*	*-26%*
Operating income	**0.7**	1.3	-43%	1.8	-59%
Of which Professional Services	***1.8***	*1.9*	*-4%*	*2.8*	*-34%*
Of which Network Rollout	***-1.1***	*-0.6*	*-73%*	*-1.0*	*-10%*
Operating margin	**3%**	6%		6%	
Of which Professional Services	***13%***	*13%*		*15%*	
Of which Network Rollout	***-16%***	*-11%*		*-11%*	

Sales declined QoQ partly due to lower business activity in North East Asia and delays in LTE deployments in Latin America.

Professional Services sales were slightly down, impacted by currency headwind as well as lower Network Design & Optimization and Consulting &System Integration activities in the quarter.

The good momentum in Professional Services continues with 21 new Managed Services contracts signed in the quarter and eight new significant Consulting and Systems Integration contracts signed.

The IS/IT related Managed Services and Consulting and Systems Integration business is picking up speed driven by the ongoing business transformation in the industry.

Operating margin for Global Services decreased YoY as a result of increased losses in Network Rollout, partly due to continued high activity in the network modernization projects in Europe and delayed LTE rollouts in Latin America leading to additional project costs. Professional Services shows stable margin development.

Restructuring charges of SEK 0.4 (0.5) b. in the quarter had a negative impact on operating income.

Other information	Q1 2013	Full year 2012
No. of signed Managed Services contracts	**21**	52
Of which expansions/extensions	***8***	*19*
No. of signed significant consulting & systems integration contracts[1)]	**8**	24
Number of subscribers in networks managed by Ericsson, end of period [2)]	**~ 950 m.**	*~ 950 m.*
Of which in network operations contracts	***550 m.***	*550 m.*
Number of Ericsson services professionals, end of period	**61,000**	60,000

[1] In the areas of OSS and BSS, IP, Service Delivery Platforms and data center build projects.
[2] The figure includes network operations contracts and field operation contracts.

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SUPPORT SOLUTIONS

SEK b.	Q1 2013	Q1 2012	YoY Change	Q4 2012	QoQ Change
Support Solutions sales	**2.4**	3.0	-19%	3.6	-33%
Operating income	**0.0**	0.0	-4%	0.3	
Operating margin	**-1%**	-1%		8%	

Multimedia brokering (IPX) was divested in Q312,which impacted sales negatively YoY. IPX sales amounted to SEK 0.4 b in Q112. Demand for OSS and BSS continued to be strong, driven by operators focus on improving efficiency and adapting to mobile broadband business requirements. Media management sales declined YoY following a strong Q112 and a technology shift of our video compression portfolio.

We continue to implement our Support Solutions strategy communicated during Q112 with a more focused and concentrated portfolio. During the past year we have executed significant portfolio changes. On April 8, 2013, we announced our intention to

acquire Microsoft s TV solution business Mediaroom, further strengthening our position in the growing media management market.

Operating margin was negatively impacted by restructuring charges and lower sales volumes. Efficiency improvements and portfolio streamlining contributed positively. Restructuring charges in the quarter were SEK0.1 (0.0) b. which means that the underlying operating margin was positive.

The number of subscriptions served by Ericsson s charging and billing solutions was 2.0 billion at end of period.

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ST-ERICSSON

USD m.	Q1 2013	Q1 2012	YoY Change	Q4 2012	QoQ Change
Net sales	**256**	290	-12%	358	-28%

As announced on March 18, 2013, ST-Ericsson will be split between the parents. Ericsson will take on the design, development and sales of the LTE multimode thin modem business products, including 2G, 3G and 4G multimode. ST Microelectronics will take on the existing ST-Ericsson products, other than the LTE multimode thin modems and related business, as well as certain assembly and test facilities. The remaining parts of ST-Ericsson will be closed down. Both parents are assuming equal funding of the wind-down related activities. The formal transfer of the relevant parts of ST-Ericsson to the parent companies is expected to be completed during the third quarter of 2013, subject to regulatory approvals.

ST-Ericsson s sales in the first quarter of 2013 decreased 28% sequentially to USD 256 million reflecting, as anticipated, seasonal factors, no revenues from licensing and softer market conditions. ST-Ericsson s operating loss in the first quarter of 2013 was USD -158 million.

Ericsson s share in ST-Ericsson s income before tax was SEK 0.0 (-1.4) b. As of December 31, 2012 there are no remaining investments related to ST-Ericsson on Ericsson s balance sheet and therefore no result from ST-Ericsson is included in Ericsson s result.

In Q412, Ericsson made a provision of SEK 3.3 b. which provides for Ericsson s share of obligations for the wind-down of ST-Ericsson. Ericsson incurred cash of SEK 0.5 b. in the quarter, which resulted in a net liability of SEK 2.8 b.

We are progressing as planned toward a Q313 transaction close to separate the thin modem business from ST-Ericsson and integrate into Ericsson. Our focus is on continued execution during the transition period and to continue engagement with customer development teams.

Once the multimode thin modem business has been fully integrated into Ericsson in Q413 the operation will continue to be reported as a segment. Our current best estimate is that it will generate operating losses of approximately SEK -0.5 b. in Q413 primarily related to R&D expenses.

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REGIONAL SALES OVERVIEW

REGIONAL SALES

SEK b.	Networks	Global Services	Support Solutions	Total	YoY	QoQ
	First quarter 2013				Growth	
North America	9.2	6.1	0.5	15.8	23%	-7%
Latin America	2.0	2.0	0.4	4.4	-9%	-33%
Northern Europe and Central Asia	1.3	1.0	0.1	2.3	0%	-24%
Western and Central Europe	1.9	2.3	0.1	4.3	1%	-20%
Mediterranean	2.4	2.7	0.1	5.3	14%	-25%
Middle East	1.4	1.5	0.3	3.2	0%	-38%
Sub-Saharan Africa	1.1	0.8	0.2	2.1	-3%	-40%
India	0.9	0.6	0.1	1.6	13%	0%
North East Asia	3.4	2.6	0.1	6.1	-34%	-41%
South East Asia and Oceania	2.6	1.4	0.1	4.1	22%	-9%
Other[1)]	2.0	0.4	0.5	2.9	2%	-3%
Total	**28.1**	**21.5**	**2.4**	**52.0**	**2%**	**-22%**

[1)] Region Other includes licensing revenues, sales of cables, broadcast services, power modules and other businesses.

In the regional dimension, all of the Telcordia sales are reported in the Support Solutions segment except for North America where it is split 50/50 between Global Services and Support Solutions. The acquired Technicolor Broadcast Service Division is reported in region Other . Multimedia brokering (IPX) was previously reported in each region in segment Support Solutions. For the first three quarters 2012 it was part of region Other . IPX was divested end Q312.

North America

Sales grew YoY with continued high activity levels with peaking volumes in one of the large mobile broadband coverage projects. CDMA equipment sales continued to decline.

Latin America

YoY sales were negatively impacted primarily by delays in LTE rollouts caused by issues related to LTE licenses, partly offset by YoY growth in OSS and BSS.

Northern Europe and Central Asia

Sales in the region were basically flat YoY with continued low investment levels in Russia. Operators in Russia are in the middle of the LTE vendor selection process, likely leading to initial deployments towards the latter part of 2013 or early 2014.

Western and Central Europe

Execution of the network modernization projects continued. Several new Managed Services contracts were signed in the quarter.

Mediterranean

Modernization projects and high project activity in France and Northwest Africa drove YoY growth. Macroeconomic development remained weak in parts of the region.

Middle East

Initial LTE deployments are ongoing, but from low levels. There is good demand for both OSS and BSS and professional services as operators seek differentiation and operational efficiencies.

Political unrest prevails and is still impacting sales.

Sub-Saharan Africa

While 3G sales are increasing; the majority of sales is still related to 2G. The momentum for Managed Services continued with a multi-country contract signed in the quarter. Mobile broadband charging sales were strong in the quarter.

India

Operator spending remains cautious, principally because of sustained regulatory uncertainty. The momentum for Managed Services continued with a major contract signed in the quarter.

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North East Asia

Business activity declined YoY mainly due to lower sales in South Korea, continued structural decline in GSM investments in China and FX effects in Japan. South Korea remains one of the most advanced LTE markets, but the YoY comparison is impacted by the parallel 3G deployments in Q112. Sales were also impacted by delayed LTE spectrum auctions in South Korea.

South East Asia and Oceania

The business volume continued on a high level with simultaneous mobile broadband deployments in Indonesia, Australia and Thailand.

Other

IPX was divested at the end of Q312 impacting Support Solutions sales YoY comparison. Licensing revenues continued to show stable development YoY. Sales of broadcast services, cables, power modules and other businesses are also included in Other .

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PARENT COMPANY INFORMATION

Income after financial items was SEK 1.2 (5.1) b. The Parent Company s financial position had the following major changes during the quarter; decreased cash, cash equivalents and short-term investments of SEK -4.7 b. and decreased current and non-current receivables from subsidiaries of SEK 6.7 b. At the end of the quarter, cash, cash equivalents and short-term investments amounted to SEK 52.7 (57.4) b.

By the end of the quarter ST-Ericsson had utilized USD 77 million (SEK 0.5 b.) of a short-term credit facility. In Q4 2012, Ericsson made a provision of SEK 3.3 b. which provides for Ericsson s share of obligations for the wind-down of ST-Ericsson. Ericsson incurred cash of SEK 0.5 b. in the quarter, which resulted in a net liability of SEK 2.8 b.

In accordance with the conditions of the long-term variable remuneration program (LTV) for Ericsson employees, 2,588,932 shares from treasury stock were sold or distributed to employees during the first quarter. The holding of treasury stock at March 31, 2013, was 82,209,163 Class B shares.

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OTHER INFORMATION

Samsung litigation

On November 27, 2012, Ericsson filed two patent infringement lawsuits in the US District Court for the Eastern District of Texas against Samsung. Ericsson seeks damages and an injunction. Ericsson also asked the Court to adjudge that Samsung breached its commitment to license any standard-essential patents it owns on fair, reasonable, and non-discriminatory terms and to declare Samsung s allegedly standard essential patents to be unenforceable. On November 30, 2012, Ericsson filed a complaint with the US International Trade Commission (ITC) seeking an exclusion order blocking Samsung from importing certain products into the US. On December 21, 2012, Samsung filed a complaint with the ITC seeking an exclusion order blocking Ericsson from import of certain products into the US.

On March 18, 2013, Samsung filed its answers and counterclaims in the Ericsson suits (above) in Texas, USA.

Airvana litigation

In February 2012, Airvana Networks Solutions Inc (Airvana) filed a complaint against Ericsson in the Supreme Court of the State of New York, USA, alleging that Ericsson has violated key contract terms and misappropriated Airvana trade secrets and proprietary information. Airvana is seeking damages of USD 330 million and to enjoin Ericsson from developing, deploying or commercializing Ericsson products allegedly based on Airvana s proprietary technology.

On March 19, 2013 the Court issued a preliminary injunction barring Ericsson or any party in privity with Ericsson from using, operating, testing or deploying certain Airvana-based EV-DO hardware unless it is executing software that is licensed from Airvana.

The Court also confirmed that it will conduct a separate, related hearing starting in April on a second preliminary injunction motion filed by Airvana seeking to prevent deployment of the Digital Baseband Advanced (DBA) hardware with any EV-DO software other than Airvana s.

Reduction of number of employees in Sweden

On March 27, 2013 the company announced the reductions of operations in Sweden. In total 1,399 positions were impacted with 919 employees notified. All sites in Sweden were affected except Falun, Hudiksvall, Kalmar and Katrineholm. Restructuring charges associated with these actions were SEK 1.4 b. impacting Group results in Q1, 2013.

Acquisition of Devoteam Telecom & Media operations

On January 21, 2013, Ericsson announced its intention to acquire Devoteam Telecom & Media operations in France. The completion of the acquisition is subject to consultation and customary closing conditions and is expected to take place by the beginning of Q2, 2013.

On new positions

As of April 1, 2013, Jan Signell is appointed Head of Region North East Asia and a member of Ericsson s Global Leadership Team, reporting to Chairman of Asia-Pacific, Mats H Olsson. Jan Signell is currently Head of Customer Unit Japan within Region North East Asia, and will remain in this role until a successor is appointed.

As of June 3, 2013, Chris Houghton is appointed Head of Region India and a member of Ericsson s Global Leadership Team, reporting to Chairman of Asia-Pacific, Mats H Olsson. Chris Houghton is currently Head of Customer Unit UK & Ireland.

POST-CLOSING EVENTS

Ericsson to acquire Microsoft Mediaroom

On April 8, 2013, Ericsson announced that the company has reached an agreement with Microsoft to acquire its TV solution Mediaroom business. This will make Ericsson the leading provider of IPTV and multi-screen solutions with a market share of over 25%. The agreement is subject to customary regulatory approvals and other conditions.

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

During the first quarter of 2013, Ericsson made sales of telecommunications infrastructure related products and services in Iran to MTNIrancell and to Mobile Communication Company of Iran, which generated gross revenues (reported as net sales) of approximately SEK 249 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 first quarter of 2013 would be substantially lower than such gross revenues.

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ASSESSMENT OF RISK ENVIRONMENT

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

Risk factors and uncertainties in focus short-term for the Parent Company and the Ericsson Group include:

- Potential negative effects on operators willingness to invest in network development due to uncertainty in the financial markets and a weak economic business environment, or reduced consumer telecom spending, or increased pressure on us to provide financing;
- Uncertainty regarding the financial stability of suppliers, for example due to lack of financing;
- Effects on gross margins and/or working capital of the product mix in the Networks segment between sales of upgrades and expansions (mainly software) and new build-outs of coverage (mainly hardware);
- Effects on gross margins of the product mix in the Global Services segment including proportion of new network build-outs 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;
- Implementation of the strategic option for our joint venture ST-Ericsson and related capital need;
- 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 restrictions are discussed. Moreover, Ericsson operates globally in accordance with Group policies and directives for business ethics and conduct.

Stockholm, April 24, 2013

Telefonaktiebolaget LM Ericsson (publ)

Hans Vestberg, 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, 2013

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

For further information, please contact:

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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 , continu of these words, 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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FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Financial statements

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CONSOLIDATED INCOME STATEMENT

SEK million	Jan - Mar 2012	Jan - Mar 2013	Change	Jan - Dec 2012
Net sales	50,974	52,032	2%	227,779
Cost of sales	-33,985	-35,394	4%	-155,699
Gross income	16,989	16,638	-2%	72,080
Gross margin (%)	33.3%	32.0%		31.6%
Research and development expenses	-8,016	-7,877	-2%	-32,833
Selling and administrative expenses	-6,232	-6,643	7%	-26,023
Operating expenses	-14,248	-14,520	2%	-58,856
Other operating income and expenses	7,749[1)]	20		8,965[1)]
Operating income before shares in earnings of JV and associated companies	10,490	2,138	-80%	22,189
Operating margin before shares in earnings of JV and associated companies (%)	20.6%	4.1%		9.7%
Shares in earnings of JV and associated companies	-1,403	-32	-98%	-11,731[2)]
Operating income	9,087	2,106	-77%	10,458
Financial income	262	180		1,708
Financial expenses	-273	-565		-1,984
Income after financial items	9,076	1,721	-81%	10,182
Taxes	-272	-517		-4,244
Net income	8,804	1,204	-86%	5,938
Net income attributable to:				
Stockholders of the Parent Company	8,950	1,205		5,775
Non-controlling interests	-146	-1		163
Other information				
Average number of shares, basic (million)	3,212	3,222		3,216
Earnings per share, basic (SEK) [3)]	2.79	0.37		1.80
Earnings per share, diluted (SEK) [3)]	2.76	0.37		1.78

STATEMENT OF COMPREHENSIVE INCOME

SEK million	Jan - Mar 2012	Jan - Mar 2013	Jan - Dec 2012
Net income	8,804	1,204	5,938
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefits pension plans incl. asset ceiling	436	819	-451
Revaluation of other investments in shares and participations			
Fair value remeasurement			6
Tax on items that will not be reclassified to profit or loss	-139	-388	-59
Items that may be reclassified to profit or loss			
Cash flow hedges			
Gains/losses arising during the period	785	174	1,668
Reclassification adjustments for gains/losses included in profit or loss	-213	-466	-568
Adjustments for amounts transferred to initial carrying amount of hedged items	92		92

Changes in cumulative translation adjustments	-2,004	-718	-3,947
Share of other comprehensive income on JV and associated companies	-52	-16	-486
Tax on items that may be reclassified to profit or loss	-253	62	-363
Total other comprehensive income	-1,348	-533	-4,108
Total comprehensive income	7,456	671	1,830
Total comprehensive income attributable to:			
Stockholders of the Parent Company	7,650	693	1,716
Non-controlling interests	-194	-22	114

[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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CONSOLIDATED BALANCE SHEET

SEK million	Dec 31 2012	Mar 31 2013
ASSETS		
Non-current assets		
Intangible assets		
Capitalized development expenses	3,840	3,819
Goodwill	30,404	30,297
Intellectual property rights, brands and other intangible assets	15,202	14,205
Property, plant and equipment	11,493	11,461
Financial assets		
Equity in JV and associated companies	2,842	2,799
Other investments in shares and participations	386	389
Customer finance, non-current	1,290	1,146
Other financial assets, non-current	3,964	4,180
Deferred tax assets	12,321	12,132
	81,742	80,428
Current assets		
Inventories	28,802	29,811
Trade receivables	63,660	65,101
Customer finance, current	4,019	3,869
Other current receivables	20,065	19,206
Short-term investments 1)	32,026	34,641
Cash and cash equivalents	44,682	37,444
	193,254	190,072
Total assets	274,996	270,500
EQUITY AND LIABILITIES		
Equity		
Stockholders equity	136,883	137,668
Non-controlling interest in equity of subsidiaries	1,600	1,501
	138,483	139,169
Non-current liabilities		
Post-employment benefits 2)	9,503	11,132
Provisions, non-current	211	247
Deferred tax liabilities	3,120	3,281
Borrowings, non-current	23,898	23,638
Other non-current liabilities	2,377	2,407
	39,109	40,705
Current liabilities		
Provisions, current	8,427	9,252
Borrowings, current	4,769	5,084
Trade payables	23,100	19,898
Other current liabilities 2)	61,108	56,392
	97,404	90,626
Total equity and liabilities	274,996	270,500
Of which interest-bearing liabilities and post-employment benefits	*38,170*	*39,854*

Of which net cash	*38,538*	*32,231*
Assets pledged as collateral	520	2,534
Contingent liabilities	613	601

1) Including loan to ST-Ericsson of SEK 540 million as of March 31, 2013 (SEK 0 million as of December 31, 2012)

2) 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

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CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Jan - Mar 2012	Jan - Mar 2013	Jan - Dec 2012
Operating activities			
Net income	8,804	1,204	5,938
Adjustments to reconcile net income to cash			
Taxes	-1,118	-1,849	-1,140
Earnings/dividends in JV and associated companies	1,290	33	11,769
Depreciation, amortization and impairment losses	2,315	2,411	9,889
Other	-7,022	-201	-7,441
	4,269	1,598	19,015
Changes in operating net assets			
Inventories	-59	-1,426	2,752
Customer finance, current and non-current	282	260	-1,259
Trade receivables	3,722	-1,934	-1,103
Trade payables	-2,713	-2,948	-1,311
Provisions and post-employment benefits	-1,771	1,155	-1,920
Other operating assets and liabilities, net	-2,999	325	5,857
	-3,538	-4,568	3,016
Cash flow from operating activities	731	-2,970	22,031
Investing activities			
Investments in property, plant and equipment	-1,648	-1,196	-5,429
Sales of property, plant and equipment	309	91	568
Acquisitions/divestments of subsidiaries and other operations, net	-1,730[1)]	-136	-2,077[1)]
Product development	-251	-282	-1,641
Other investing activities	195	298	1,540
Short-term investments	-3,999	-2,860	2,151
Cash flow from investing activities	-7,124	-4,085	-4,888
Cash flow before financing activities	-6,393	-7,055	17,143
Financing activities			
Dividends paid		-61	-8,632
Other financing activities	-1,318	92	-753
Cash flow from financing activities	-1,318	31	-9,385
Effect of exchange rate changes on cash	-327	-214	-1,752
Net change in cash	-8,038	-7,238	6,006
Cash and cash equivalents, beginning of period	38,676	44,682	38,676
Cash and cash equivalents, end of period	30,638	37,444	44,682

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Jan - Mar 2012	Jan - Mar 2013	Jan - Dec 2012
Opening balance	**145,270**	**138,483**	**145,270**
Total comprehensive income	7,456	671	1,830
Sale/repurchase of own shares	17	21	-93
Stock issue			159
Stock purchase plan	108	82	405
Dividends paid		-61	-8,632
Transactions with non-controlling interests			