

LM ERICSSON

TELEPHONE COMPANY

1974 ANNUAL REPORT

99th YEAR OF OPERATIONS







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HIGHLIGHTS OF 1974 OPERATIONS

Group sales amounted to \$1,460 million, of which markets outside Sweden accounted for 83 percent.

Income before special adjustments and taxes was \$199.5 million, equal to 13.7 percent of sales.

The Board of Directors proposes a dividend of Sw.Kr. 6.00 per share compared with Sw.Kr. 5.50 last year.

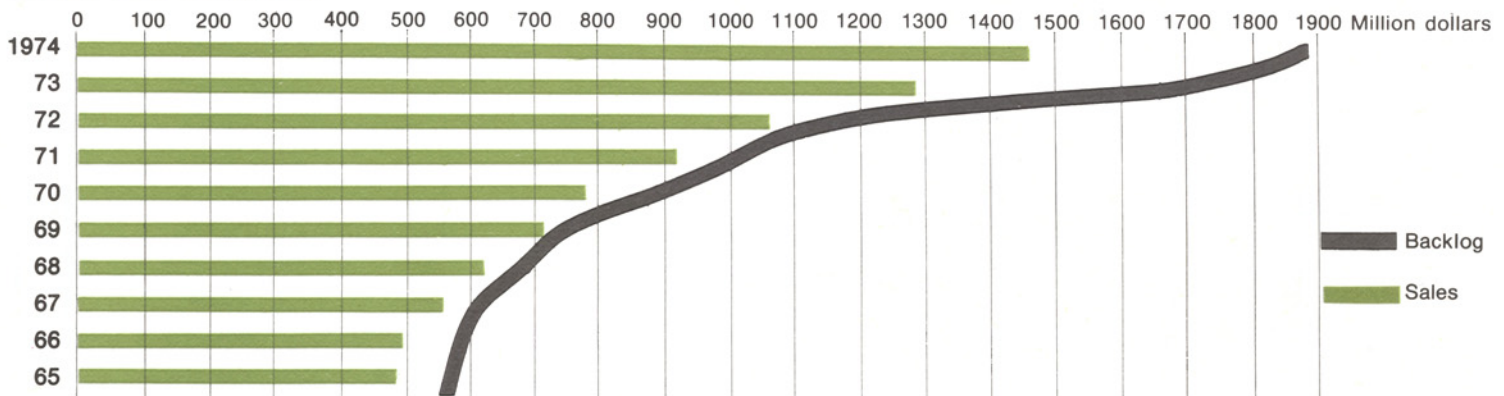
Order bookings totaled \$1,813 million—an increase of 9 percent. The Swedish market accounted for 12 percent. The backlog at year-end amounted to \$1,878 million.

Capital expenditure for property, plant and equipment during the year amounted to \$122 million. Investment in research and development totaled \$100 million.

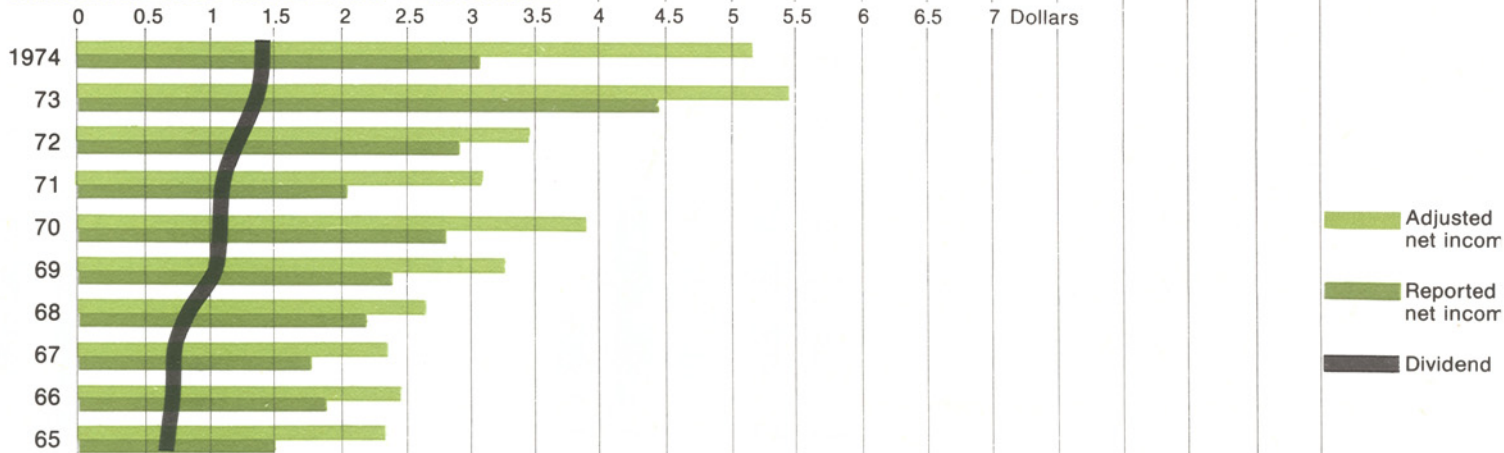
The number of employees within the Group at year-end totaled 80,620, of whom 31,070 were in Sweden.

Ericsson Group

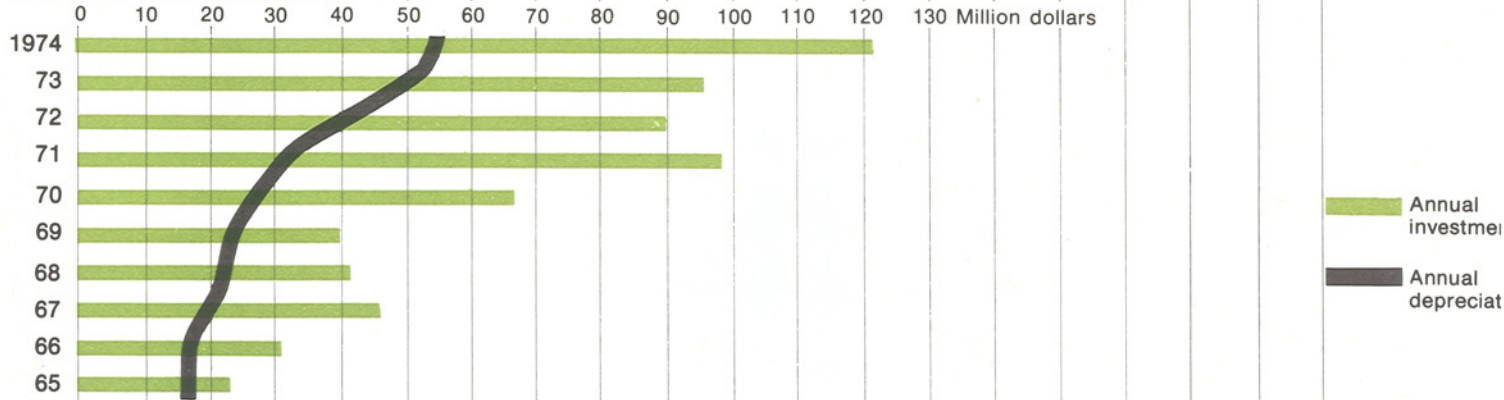
SALES AND BACKLOG



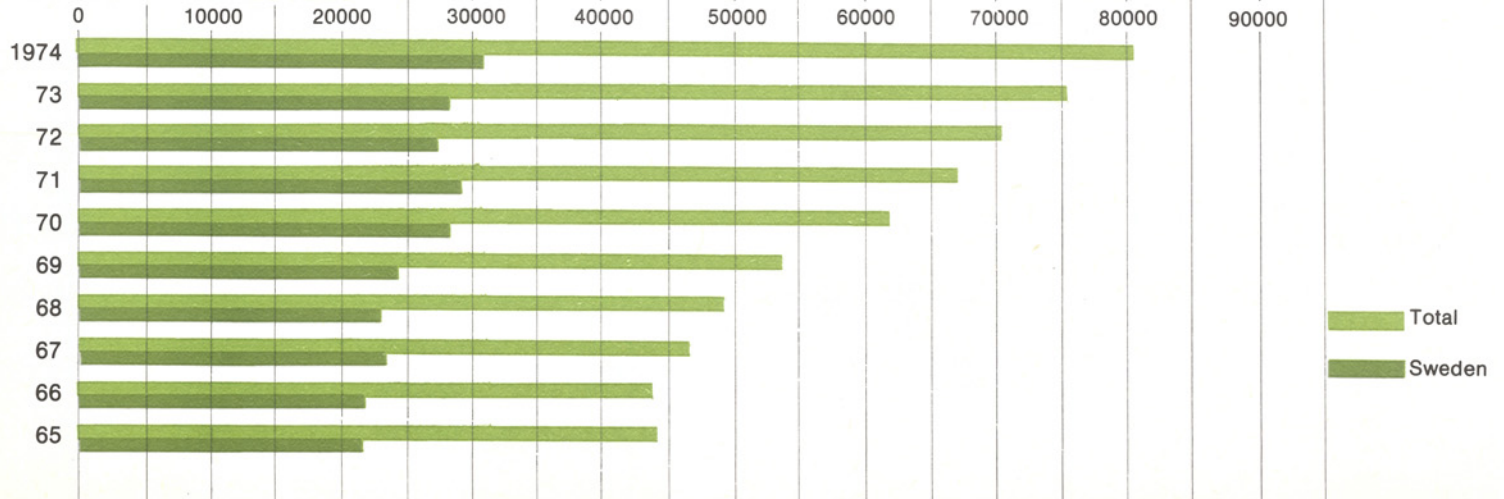
EARNINGS AND DIVIDENDS PER SHARE



CAPITAL EXPENDITURES



NUMBER OF EMPLOYEES



Annual Report of the Board of Directors to the Stockholders

GROUP

Operating results in brief

(\$ Millions except where otherwise indicated)	1974	1973	Change
Order bookings	\$1,812.7	\$1,655.6	+ 9 %
Order backlog	\$1,878.3	\$1,586.7	+18 %
Sales	\$1,460.4	\$1,205.7	+21 %
Income before special adjustments and taxes	\$ 199.5	\$ 204.9	
Percent of sales	13.7 %	17 %	
Reported net income	\$ 48.1	\$ 69.3	
Per share	\$ 3.13	\$ 4.50	
Adjusted net income	\$ 79.2	\$ 84.4	
Per share	\$ 5.15	\$ 5.49	

Note: The 1973 comparative figures have been restated because the Group's former subsidiaries in Norway and England became associated companies in 1974 and as such are included in the consolidated accounts on the equity accounting basis.

In many of the industrialized countries during 1974 there was a downturn in economic conditions and at the same time inflation increased sharply. The trend in many of the developing countries was somewhat similar.

Ericsson Group order bookings were 9 percent above those of the unusually high level of 1973, when orders received were 40 percent higher than in the preceding year. The higher bookings were achieved despite the weaker economic conditions and increased competition, including that from other telephone manufacturers who sought to offset declining home markets through exports.

The Group's order backlog at year-end totaled \$1,878.3 million, 18 percent higher than at the beginning of the year. With one or two exceptions, Group plants are expected to be fully occupied during 1975. Production capacity is being expanded to meet increased delivery requirements.

Sales rose 21 percent during the year. A characteristic in telecommunications is that the complexity of its products generally results in a long period between receipt and delivery of an order. A substantial part of the deliveries made during 1974 involved contracts entered into in earlier years, partly at fixed prices and partly on terms allowing for price adjustments for cost increases during the production period, based on purchasing agreements and competitive conditions prevailing in the various markets. The situation that developed in 1974—with totally unforeseeable price rises for some of the raw materials and semifinished goods that are important to the Group, and with an inflationary trend of labor costs in countries where the rate of increase earlier had been moderate—resulted in a decrease in the margin between selling prices and production costs in both the Parent Company and many of the major foreign subsidiaries.

The international currency market was marked by major fluctuations in exchange rates. The value of Swedish krona rose gradually in relation to the currencies in most countries where the Group has substantial manufacturing operations. This trend was particularly striking during the last quarter when even the U.S. dollar declined sharply relative to the krona. These currency movements affected Group earnings in various ways, as described in further detail below.

Order bookings

Order bookings during the year amounted to \$1,812.7 million, compared with \$1,655.6 million in 1973. They were distributed relatively evenly during the year, in contrast to 1973 when bookings were especially high during the last quarter.

The distribution of orders by product groups was as follows:

(\$ Millions)	1974	1973	Percentage change
Public telephone exchanges	\$ 897.8	\$ 919.7	(2)
Subscriber exchanges, instruments and intercom systems	312.4	232.1	35
Transmission equipment and radio communications systems	134.1	85.1	58
Other systems and products	141.8	124.7	14
Electronic equipment and development projects for the military	39.5	44.5	(11)
Cable, wire and network equipment	240.0	204.7	17
Other products	47.1	44.8	4
	\$1,812.7	\$1,655.6	9

□ As regards *public telephone exchanges*, the current expansion of local and trunk telephone networks in the Group's markets is based to a large extent, on the crossbar switching system, a situation which is expected to continue during the remainder of the 1970s.

The competitiveness of the crossbar systems developed within the Group is reflected in the high order bookings for the year. In comparing orders received with those in 1973, it should be noted that in that year the Brazilian subsidiary had exceptionally large orders that were not matched in 1974. Orders in the Group's other markets increased by an average of 16 percent during 1974.

The Ericsson Group has a leading position in the market for computer-controlled trunk exchanges for national and international traffic. A number of new orders for exchanges of this type were received during the year and at year-end exchanges equivalent in volume to approximately 1.1 million subscriber lines were in operation, being installed or on order.

The new generation of computer-controlled telephone exchanges for local traffic developed within ELLEMTTEL, the development company jointly owned with the Swedish Telecommunications Administration, was presented to a number of the Group's most important customers during the year and was very well received.

Towards the end of the year a certain reluctance on the part of telephone administrations and companies to place orders was noted in a number of the foreign markets because of cut-backs in Government spending programs as part of measures to counter inflation or because of difficulties in financing these capital-intensive installations. This situation is expected to result in the deferment of several of the present ambitious expansion programs.

□ In contrast to the international market for public telephone exchanges, which only a limited number of large manufacturers have the necessary resources to exploit, it is possible for small telecommunications producers to develop the market for *subscriber exchanges*—private exchanges (PABX) that are connected to the public network. This market is characterized by a large number of various types of exchanges offered by many companies. Some companies operate only locally, others cover the entire world.

The Group's efforts to gradually broaden its product program in terms of traffic features offered by the equipment, and to modify equipment to meet customer requirements for special constructions, resulted in good sales during the year. Order bookings increased by 35 percent, despite intense competition and poor economic conditions in a number of markets.

There was a sharp rise in sales of telephone instruments, particularly in the foreign subsidiaries which manufacture instruments for their home markets.

Sales of loudspeaking intercom systems slackened somewhat in the Swedish market while an increase in exports was achieved.



□ Continuing low level of trunk traffic in Sweden resulted in reduced order bookings for *transmission equipment* for the inter-city network. Intensive development of export markets brought results. Major contracts obtained by some of the foreign subsidiaries contributed to the sharp increase in orders.

Order bookings for mobile radio systems and other radio communications systems were good.

□ The Group's technical know-how has long been utilized in the development of products closely related to those produced for telecommunications networks. Advanced *security systems and control systems* for railway and highway traffic, and for other purposes, are in this category. The market developed favorably, particularly on the export side.

The market for electronic components was favorable for manufacturers during the early part of the year. There was even an occasional general shortage of certain components. Demand weakened later in the year, however, due to declining economic conditions, primarily in export markets.

□ The Swedish plants which produce *telephone and power cable*—which account for approximately 75 percent of the Group's cable production—succeeded in offsetting a stagnant (and in the case of telephone cable, even a sharply reduced) home market by increasing exports. The foreign cable plants, in general, developed favorably during the year. Operations in the network construction field resulted in higher orders.

The geographical distribution of order bookings in principal market areas was as follows:

(\$ Millions)	1974	1973	Percentage change
Sweden	\$ 222.9	\$ 225.8	(1)
Europe (excluding Sweden)	744.5	681.0	9
Latin America	551.6	528.4	4
Other markets	293.7	220.4	33
	\$1,812.7	\$1,655.6	9

Further details of operations in the individual markets appear in the Year's Review.

Production and employment

With the completion of new plants with a total of 1.3 million sq. ft. of space, the Group now has production facilities (including space for warehousing) totaling 13 million sq. ft. Major capital expenditures covered expansion of Parent Company factories in the Swedish provinces and new plants in France, Italy and Brazil.

The following table shows the average number of factory workers in Group plants during the year, by major market areas.

	1974	1973	Percentage change
Sweden	17,000	15,520	10
Europe (excluding Sweden)	9,560	8,600	11
Latin America	5,080	3,870	31
Other countries	2,260	1,960	15
	33,900	29,950	13

Most of the increase in Sweden was in the Parent Company's plants. In the Group's foreign sector, the increase in factory workers was particularly high in Spain and Brazil.

Manpower requirements could largely be met. Employee turnover in the Swedish plants, which had been moderate during 1973, showed a somewhat rising trend.

Microcircuits are checked in a computer-controlled test system at Group Headquarters in Stockholm.

High turnover in certain foreign factories, notably those in Australia, Brazil and Finland, was troublesome.

With few exceptions, labor conditions in Group plants were peaceful. In Australia and Italy, however, the factories experienced substantial shortfalls in production due to strikes and other disturbances in the labor market.

The shortages in the international markets for raw materials and components, which developed during the latter part of 1973, continued during the first quarter of 1974 and caused interruptions of production in a number of plants. The supply situation gradually returned to more normal conditions.

The Parent Company's manufacture of products constructed from electronic components is now so large that major expenditures for the rationalization of production of such items as printed circuits and related components is economically justified. The factory constructed at Ingelsta, near Norrköping, for the production of printed circuits was placed in service during the year.

Mechanized assembly and testing of spring sets for relays, and of the relays in which they are used, resulted in more efficient production and the maintenance of a high, even quality level.

The growing volumes of production in the foreign factories have also resulted in increased rationalization of manufacturing in these facilities, especially in the fields of press methods, galvanic surface coating processes and lacquering.

Special machinery developed and produced by the Parent Company for automated production and testing was introduced to an increased degree in the subsidiaries.

An expansion program, which among other things will involve a sharp increase in the production of electronic systems has been adopted to satisfy the current needs for increased production capacity and to cater for continuing technical developments.

Technical development

The Ericsson Group's principal competitive edge, since its founding, has been the quality and suitability of its products. The Group's technical design activities have, therefore, been specially important. As the demand for improved product performance has increased, more resources have been allocated to development activities, the broadening of which has become very apparent in recent years. Particularly large investments have been required in the field of automatic switching techniques in connection with the development of computer-controlled exchanges.

During 1974 \$100 million, equal to 7 percent of Group sales, was expended for research and development.

Technical development costs have increased by 15 to 20 percent per annum. The yield has also increased from year to year because of the additional resources that have been created and through the rationalization of production methods. For example many operations have been computerized.

With production of computer-controlled automatic telephone exchanges expected to reach a substantial volume within a few years, it becomes important to be able to manufacture them at the lowest possible cost. Comprehensive steps toward this objective have been undertaken for a number of years jointly by the technical departments and production units. Special attention has been devoted to testing since it is becoming essential to utilize automated testing to the greatest degree possible.

In November, 1974 ELLEMTEL moved to its own newly constructed office and laboratory building which contains space for setting up systems testing facilities and computer equipment, among other installations.

In the public telephone exchange field, a number of large computer-controlled trunk exchanges were placed in service during the year and volume of the computer programming library was further increased to handle new traffic requirements.

The first large installation with stored program control of an existing crossbar exchange was cut into service in Aarhus (Denmark), with very good results. The conversion of the ex-

New plants



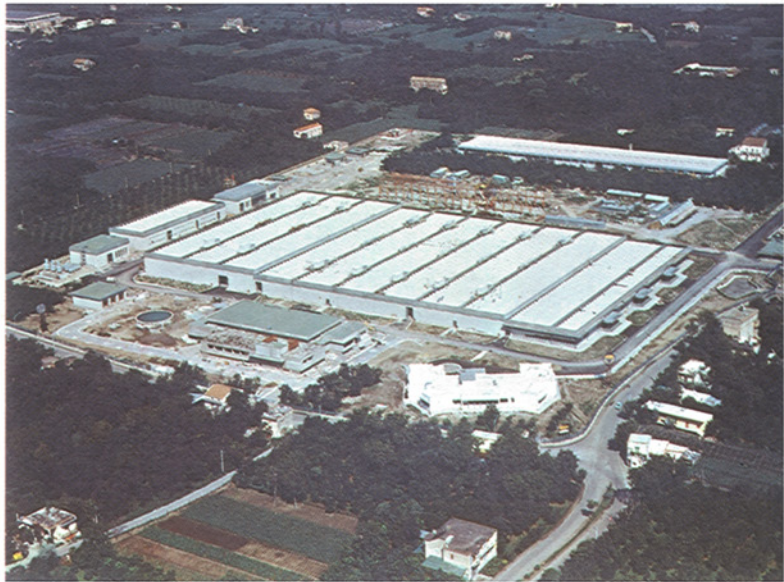
Sweden: ELLEMTEL Utvecklings AB, Älvsjö



Brazil: Ericsson do Brasil, Eugenio de Melo



Ireland: LM Ericsson Ltd., Athlone



Italy: FATME S.p.A., Pagani



France: Société Française des Téléphones Ericsson, Cergy-Pointoise



Spain: Industrias de Telecomunicación, S.A. INTELSA, La Coruña



Holland: Ericsson Telefoonmaatschappij B.V., Rijin.

change, which has 10,000 lines, took place while it was in operation, without interruption of subscriber service.

Development of a new stored program controlled local exchange system continued at ELLEMTEL. The selecting part of the system consists of a newly developed crosspoint switch built up with small reed relays developed by the RIFA subsidiary. The system can, alternatively, be supplied with a digital group selector stage. A laboratory model of this switching stage was tested at LM Ericsson Pty. Ltd. in Australia.

The French company, Société Française des Téléphones Ericsson (STE), carried out development work on a new version of its crossbar system with high traffic capacity for the Paris area.

Development is currently under way on new products designed to further rationalize and improve the operation and maintenance of exchanges. Substantial parts of the work are being done in cooperation with the Italian subsidiary, FATME S.p.A.

In order to standardize the mechanical construction of future equipment, ELLEMTEL has designed a new construction method which is directly suited to meet the requirements of modern telephone systems. The method makes it possible for an installation to be built up in a modular fashion with easy-to-handle units whose physical and functional specifications interface. This modular method simplifies work during all phases of development, from design to assembly and maintenance, as well as making rationalization possible by using computer-controlled design and specification techniques.

Studies in the field of traffic research involve traffic monitoring problems, minimizing digit transmission start delays, methods for the calculation of today's replacement costs, investigations of telex traffic and analysis of data communications systems.

In the field of transmission systems, the Parent Company developed multiplex equipment which combines four 30-channel PCM systems to a single 120-channel system with a rate of 8.448 megabits per second. The system meets the requirements of the C.C.I.T.T. (International Telegraph and Telephone Consultative Committee) and is designed primarily to be used in transmission via radio relay systems.

During the year FATME completed the design of a 24-channel carrier frequency system.

Equipment for a subscriber-controlled public data network that permits traffic between subscribers in Stockholm, Gothenburg and Malmö was delivered to the Swedish Telecommunications Administration. The intention is to use the network to gain experience for a future permanent subscriber-controlled system.

The material used in the network was developed by ELLEMTEL and comprises subscriber equipment, line concentrators and an exchange located in Stockholm.

Preparations were made for the introduction of integrated circuits—utilizing monolithic and hybrid techniques for transmission and impulsing—for use in telephone instruments.

As a step in the long-term development of the picture telephone, a valuable field test involving users in the design, planning and production departments of the Parent Company headquarters plant was carried out. The experiments provided general knowledge on how picture telephones can be used profitably within organizations for such functions as the display of drawings and production documents, resulting in substantial time savings.

In the subscriber exchange field, development work continued on an electronically controlled subscriber exchange for 16 extensions. A prototype of the exchange, which requires no operator, was shown at the USITA (U.S. Independent Telephone Association) meeting in San Francisco in October, 1974, where it attracted great interest. Rapid assembly and high operating reliability are its primary characteristics.

Development of a new central memory core for the very largest types of subscriber exchanges was completed and the first prototype was delivered for field test during the first part of 1975.

The central memory permits extension numbers and categories to be changed and provides for night connection, call interception and other features through a terminal.

During the year contracts valued at more than \$2.4 million were received from ESRO (European Space Research Organization) for the development and production of various units for the MAROTS maritime communications satellite and for microwave antennas for another scientific satellite.

In the radar field, there was continued intensive development of doppler radar for both airborne and land-based systems. Examples of current advanced development projects are radars for the fighter version of the Viggen military aircraft and tracking radar for the Swedish Army's new anti-aircraft system.

Increased efforts were made in the development of electro-optical systems (utilizing laser, infrared and television techniques) for the Swedish defense authorities.

Design work continued in cooperation with the Swedish State Railways on a computer-controlled centralized traffic control (CTC) system to replace present relay systems in large railway stations. In the railway signaling field, progress was made in the development of ATC (Automatic Train Control) systems.

Development projects in RIFA's field of microcircuit technique included the application of very thin epitaxial coatings to obtain high component density and the use of ion-implantation for the production of high quality resistances in monolithic microcircuits.

Svenska Radio AB (SRA) introduced the ERICALL Contactor paging system on the market.

SRA also completed development of a new car telephone for the manual public telephone network. The telephone is based on the frequency synthesis principle and can be used on up to 80 radio frequencies, thereby permitting full utilization of the radio telephone system's capacity.

LM Ericsson Telemateriel AB (LMS) designed a new advanced electronic fire alarm system.

A new sentry alarm system based on microwave technique and utilizing so-called bistatic radar was developed for security supervision of large areas such as airports.

A new method, based on an idea originating in the Cable Division of the Parent Company, was developed for the production of cables filled with petroleum jelly.

A number of administrations expressed further interest in the cross-stranding technique, and licensing agreements were concluded with a number of foreign cable manufacturers.

The experimental facilities of the central materials laboratory were expanded and modernized. Equipment installed included new analytical instruments to permit the laboratory to participate in the company's program to improve the work environ-



ment in factories, and to permit prompt action when there is a need for chemical analysis of harmful materials at work sites.

Group results

Group sales in 1974 totaled \$1,460.4 million, exceeding 1973 sales of \$1,205.7 million by 21 (21) percent. Sales occurred more evenly during 1974 than in the preceding year when sales were especially high during the last quarter.

Swedish customers accounted for 17 (19) percent of total deliveries. In other markets, there was a shift toward a higher proportion of sales in Latin America.

The following table shows the distribution of sales by geographical areas.

(\$ Millions)	1974	1973	Percentage increase
Sweden	\$ 247.8	\$ 225.6	10
Europe (excluding Sweden)	646.4	592.3	9
Latin America	350.2	230.3	52
Other markets	216.0	157.5	37
	\$1,460.4	\$1,205.7	21

The distribution of sales by markets is shown in greater detail on page 30.

Costs of goods and services sold rose from \$640.3 million in 1973 to \$819.2 million in 1974. Because costs increased at a higher rate than sales, the margin (difference between sales revenue and production costs) declined 3 percentage points.

Wages and the costs of social benefits increased very sharply outside Sweden during the year. For the Group, the increases in Australia, Brazil, Italy and Mexico were particularly severe. The increases in wages in Sweden were more moderate in comparison with those abroad, but rate of rise was higher than in the preceding year. Overall, wages and social costs within the Group increased by an average of 20 (15) percent.

Following a sharp increase in the prices of raw materials and components at the end of 1973 and the beginning of 1974, they have remained at a high level, with price reductions occurring for only a few types of materials. An increased turnover of personnel and interruptions in the supply of materials to certain companies contributed to higher production costs.

Good results were achieved in the continuing rationalization of production and this compensated to some degree for the cost increases incurred.

Prices were increased for many products but the effect on earnings for the year was limited, since the period between the receipt of orders and deliveries is between one and two years for certain products.

Overheads, excluding foreign exchange losses, increased by 16 percent from \$317 million to \$368.3 million. The increase should be viewed against the background of the fact that the Group's expansion required higher technical and administrative expenditures, which meant that the number of employees not covered by collective wage agreements rose by nearly 10 percent. Despite the 16 percent increase in overhead costs, cited above, they decreased relative to sales.

Realized exchange losses of the Parent Company during the year, primarily attributable to receivables in U.S. dollars created in earlier years in respect of equipment delivered under credit agreements, amounted to \$7.1 million, compared with \$8.7 million in 1973.

Fully electronic data communications system developed for the Swedish Telecommunications Administrations trial network Stockholm-Gothenburg-Malmö.

Ericsson transmission equipment is installed in an exchange in Iceland.

Exchange losses realized by subsidiaries, mainly due to the settlement of payables in currencies other than their own, amounted to \$1.3 million in 1974 as against a profit of \$465,000 a year earlier.

Total Group exchange losses realized thus amounted to \$8.4 million (\$8.3 million).

In consistency with the principles applied in earlier years, receivables and payables of subsidiaries outstanding at year-end in currencies other than their own, and regardless of when they fall due, have been translated at exchange rates prevailing at year-end. These exchange differences amounted to \$9.8 million (\$1.3 million).

As in previous years, net income for the year has been charged with exchange differences arising from the translation of the foreign subsidiaries' accounts to Swedish kronor. Such losses, which are essentially unrealized, aggregated \$12.9 million in 1974 as compared with a gain of \$689,000 in 1973 and arose from unfavourable changes in exchange rates of the currencies of those countries in which the Group has major production subsidiaries. By their very nature, unrealized losses of this type are not deductible for tax purposes.

In aggregate, exchange losses of \$31.1 million (\$8.9 million) have been charged against the year's operations.

The Parent Company's foreign currency receivables and payables falling due in 1975 have been translated at year-end exchange rates. The resulting exchange losses \$17.6 million (\$4.3 million) have been charged against the special reserve for accounts receivable. As in previous years, foreign currency receivables and long-term debt falling due in 1976 and later years have been translated at historical exchange rates. Reference should be made to note 5 to the financial statements.

Depreciation of property, plant and equipment amounted to \$55.3 million (\$47 million). In addition, nonrecurring write downs in the amount of \$6.1 million (\$5.2 million) of properties acquired during the year were charged against the investment reserve.

Depreciation for costing purposes, based on estimated replacement values and the economic life of the assets, corresponded closely to depreciation charged during the year.

Interest expense amounted to \$55 million, compared with \$40.9 million a year earlier. The excess of interest expense over interest income increased by \$6.5 million.

Income before special adjustments and taxes amounted to \$199.5 million (\$204.9 million).

Special adjustments and net profit

In accordance with tax regulations in Sweden and other Nordic countries, appropriations to inventory reserves and investment reserves, among others, are deductible for tax purposes. Moreover, Swedish companies, are required by law to appropriate a part of their 1974 profits before tax to a reserve for environmental improvements and a special reserve for future investments. Details of these requirements appear in the notes to the financial statements. Appropriations of this type, which are not related to operations, amounted to \$86.4 million (\$37.3 million) for the year.

Income taxes on earnings for the year amounted to \$61.3 million (\$80.5 million) equal to 54 (48) percent of the income before taxes. The increase in the percentage is due to the fact that losses on translation of the accounts of the Group's foreign companies are not deductible for tax purposes. After deduction of \$3.7 million (\$17.8 million) for minority interests in profits, net income for the year amounted to \$48.1 million, compared with \$69.3 million in 1973.

If the Group's reported net income, \$48.1 million (\$69.3 million) is increased on the one hand by the special adjustments mentioned above, and reduced on the other hand by the income taxes that would have been paid if the special adjustments had not been made, adjusted net income of the Group in 1974 would have been \$79.2 million (\$84.4 million), or \$5.15 (\$5.49) per share on the 15,380,117 shares outstanding. In the computation of



adjusted net income per share the result for the year has been charged with the exchange differences aggregating \$17.6 million (\$4.3 million) that were taken directly against the reserve for receivables.

Capital expenditure and financing

Investments during the year amounted to \$122.4 million (\$93.1 million), of which \$36.6 million (\$30.3 million) was for property and \$85.8 million (\$62.8 million) for machinery and equipment. Investments were higher than in any previous year, with capital expenditures outside Sweden accounting for 60 percent of the total. In particular, substantial investments were made in Brazil, France, Italy, Mexico and Spain.

In recent years, telephone administration customers of the Parent Company have to an increasing degree—often with the Company's assistance—financed their investments in telephone networks by means other than supplier credits. As a result of this trend, long-term receivables decreased during the year. The increase in short-term receivables resulted from higher sales.

Inventories, which rose by \$76.6 million in 1973, again increased during the year by \$198.1 million (after deduction of advance and progress payments).

Several factors including substantial price increases during the year for raw materials and components, stockbuilding because of delays experienced in obtaining supplies and increased delivery requirements in 1975 contributed to the increase.

Internally generated cash flow, that is, net income after adding back depreciation and appropriations (including appropriations for pensions and similar purposes), less the dividend distributed during the year, continued to be high.

At year-end Group cash balances amounted to \$235.9 million (\$300.4 million).

Changes within the Group

In the 1973 Annual Report details were given of the changes of the Group's interests in subsidiaries in Norway and England which occurred around year-end 1973. Changes in the structure of the Group during the year are described below.

The Parent Company formed Telequipos S.A., Panama to handle the increased operations in that country.

Operations in Zambia, which had formerly been handled through a branch office, were established more firmly through conversion of the office to a subsidiary, Ericsson (Zambia) Ltd.

Thorsman & Co AB established in Ireland, Thorsman Ireland, Ltd., to administer operations established in that country for the production of fasteners and other electrical installation material.

Teleplan, Projetos e Planejamentos de Telecomunicações in which the Group has taken a minority interest was established in Brazil for network planning of public telecommunications.

The Parent Company transferred its remaining 50 percent interest in the Mexican installation company Telemontaje S.A. de C.V. to Teleindustria Ericsson S.A. An additional 5 percent of the shares in the latter company was sold to Mexican interests, whose holdings in the company thereby increased to 30 percent.

The capital stocks of a number of subsidiary companies were increased during the year through stock dividends and new issues, as indicated in the following table, without affecting the Group's percentage holdings in the respective companies.

Railway traffic on a part of the Madrid-Barcelona line is controlled and monitored from this CTC (Centralized Traffic Control) office.

This international crossbar exchange was placed in service in Dublin, Ireland.

		Par value of holding 12/31/73	Increase during 1974	Par value of holding 12/31/74
(i n t h o u s a n d s)				
<i>Sweden</i>				
AB Rifa	S.Kr.	25,000	10,000	35,000
AB Aulus	S.Kr.	2,000	4,000	6,000
Fastighets AB Rådmanen Nr 1	S.Kr.	500	6,900	7,400
Svenska Reläfabriken AB	S.Kr.	2,000	5,200	7,200
<i>Europe (excluding Sweden)</i>				
Oy L M Ericsson Ab	Fmk	14,375	4,000	18,375
Rifa S.A.	F.Frs	5,000	2,000	7,000
FATME Soc. per Az	It.L	4,102,616	1,025,654	5,128,270
Sielte Soc. per Az	It.L	2,051,308	512,827	2,564,135
Setemer Soc. per Az	It.L	3,666,714	733,342	4,400,056
Soc. Ericsson de Portugal, Lda	Esc.	5,000	10,000	15,000
L M Ericsson S.A.	Ptas	25,000	50,000	75,000
Thorsman S.a.r.l.	F.Frs	50	50	100
<i>Latin America</i>				
Cia Ericsson S.A.C.I.	Arg.Pes.	2,350	4,113	6,463
Industrias Eléctricas de Quilmes S.A.	Arg.Pes.	20,460	8,586	29,046
Ericsson do Brasil Comércio e Indústria S.A.	Cruz.	106,743	42,697	149,440
Telecomponentes Comércio e Indústria S.A.	Cruz.	1,112	10,007	11,119
Teléfonos Ericsson C.A. Latinoamericana de Cables S.A. de C.V.	Sucr.	1,300	1,430	2,730
Teléfonos Ericsson S.A.	Mex.Pes.	28,175	3,450	31,625
Teleindustria Ericsson S.A.	Mex.Pes.	5,000	3,000	8,000
Compañía Anónima Ericsson	Mex.Pes.	78,750	630	79,380
Cia Ericsson S.A.	Bol.	5,000	5,000	10,000
Cia Argentina de Teléfonos S.A.	Urug.Pes.	30,000	6,000	36,000
Cia Entrerriana de Teléfonos S.A.	Arg.Pes.	19,949	3,990	23,939
	Arg.Pes.	6,504	1,300	7,804

Outlook for 1975

Governmental measures to dampen inflation are expected to continue during 1975. Some holding back of investment in telecommunications must therefore be expected.

The general downturn in the economies of industrialized countries will probably also result in a reduced investment in telecommunication equipment by the private sector.

The Group's market position and competitive edge should, despite these conditions, enable it to achieve an order intake at, or somewhat above, the 1974 level.

In view of the level of orders on hand and the current expansion of production capacity, it is anticipated that sales should increase by approximately 20 percent.

Ericsson Group results are dependent on price and cost development of equipment manufactured and sold in many different countries. Moreover, fluctuations in exchange rates of certain foreign currencies relative to the Swedish krona also affect earnings. An overall assessment of these factors, which are difficult to evaluate, and the fact that 1974 earnings were reduced by unusually high unrealized exchange differences, indicates that an improvement in Group earnings before special adjustments and taxes should be possible to achieve.

PARENT COMPANY

Total Parent Company revenues in 1974 amounted to \$711.6 million, compared with \$593.1 million in 1973. Revenues from sales and services accounted for \$660.2 million (\$546.5 million), of which \$530.2 million (\$422 million) or 80 (77) percent represented deliveries in export markets. Revenues from other sources amounted to \$51.4 million (\$46.6 million) as shown below:

(\$ Millions)	1974	1973
Dividends	\$12.3	\$12.1
Interest	33.5	29.6
Other revenue	5.6	4.9
	\$51.4	\$46.6

During the year \$1.2 million (\$1.2 million) was capitalized as "Investment in Technical Development Projects," which covers part of the development costs for very long-term projects.

Depreciation of property, plant and equipment amounted to \$16.5 million (\$14.7 million). In addition, acquisitions during

the year of \$5.8 million (\$3.6 million) were wholly written down by charges against the reserve for future investments.

\$29.6 million (\$11.5 million) has been transferred to the reserve for receivables and investments outside Sweden. The transfer was substantially larger than that in the preceding year due to increased deliveries to foreign subsidiaries and the resulting provision for profit in unsold inventories at year-end.

An amount of \$20.6 million (\$20.7 million) was transferred to the general inventory reserve.

A total of \$16 million (–) was transferred to the obligatory reserve for environmental improvements and \$12 million (–) to the similar obligatory special reserve for future investments. In addition \$7.3 million (\$12.2 million) was transferred to the voluntary reserve for future investments.

An amount of \$11 million was withdrawn from prior years' appropriations to the reserve for investment in inventory.

After the above special adjustments totaling \$74.6 million (\$44.4 million) and provision for income taxes in the amount of \$22.7 million (\$23.7 million), reported net income of the Parent Company in 1974 was \$31 million, compared with \$30.6 million in 1973.

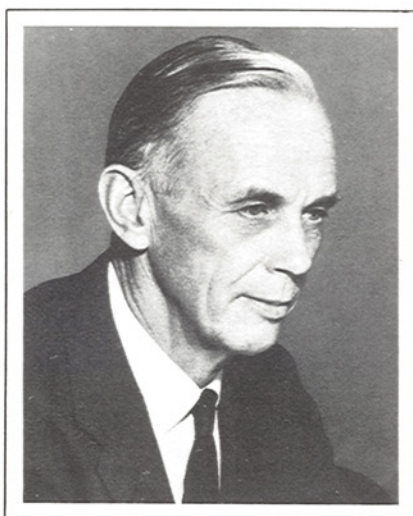
Reference should be made to the accompanying income statements and balance sheets of the Group and the Parent Company which, together with the notes and supplementary information on pages 26–28 constitute an integral part of the Annual Report.

Proposed disposition of unappropriated earnings of the Parent Company

As shown in the statement on page 20, the sum of \$43,257,000, exclusive of a general reserve of \$23,744,000, is available for disposition by the stockholders at the Annual Meeting to be held June 5, 1975.

The Board of Directors proposes that the above amount be appropriated as follows:

To stockholders, a dividend of Swedish kronor 6.00 (\$1.46) per share against coupon No. 48	\$22,507,000
To be transferred to the special legal reserve	\$ 8,927,000
To be carried forward	\$11,823,000
	<u>\$43,257,000</u>



SVEN TURE ÅBERG

Sven Ture Åberg, the Company's strong and dynamic President from 1953 to 1964, passed away October 10, 1974. He was a member of the Board of Directors until 1973 when, being forced to retire for reasons of health, he was elected an honorary member at that year's Annual Meeting.

Under Sven Ture Åberg's leadership the Company established its independent position among the world's large international telecommunications manufacturers. His efforts on behalf of the Company opened a new era. His time was one of aggressive, forward-moving policy based on technical achievements, on a fine sales organization, a consolidated financial position and the recovery of the Company's international credit standing.

His character was genuine. He was direct, purposeful and placed the Company's interest before his own. He was uncompromisingly fair, human, helpful and loyal—with exceptional devotion to the Company, its employees and its objectives.

The Board of Directors expresses its deep gratitude and admiration for Sven Ture Åberg's achievements.

Stockholm, April, 1975

MARCUS WALLENBERG

ERIK BOHEMAN

HENNING AUGUSTSSON

LARS-OLOF EKEBERG

WERNER SUNDELL

WILHELM SÖDERMAN

JAN WALLANDER

RAGNAR WOXÉN

BJÖRN LUNDVALL

President

Consolidated Income Statement

TELEFONAKTIEBOLAGET LM ERICSSON
AND SUBSIDIARY COMPANIES

	1974	1973
Net sales	\$1,460,386,000	\$1,205,656,000
Share in earnings less losses of unconsolidated subsidiaries and associated companies	15,713,000	10,388,000
Interest income	43,977,000	36,338,000
Other revenue	8,658,000	6,582,000
	<u>1,528,734,000</u>	<u>1,258,964,000</u>
Cost of products and services sold	819,181,000	640,347,000
Selling, administrative, research and development expenses	399,778,000	325,845,000
Depreciation (Note 3)	55,348,000	47,013,000
Interest expense	54,962,000	40,871,000
Income before special adjustments and taxes	<u>199,465,000</u>	<u>204,888,000</u>
Special adjustments (Note 4)		
Transfer to special reserve for accounts receivable and investments outside Sweden, \$33,948,000 in 1974 and \$15,123,000 in 1973, net of recovery of receivables, previously written down, \$1,529,000 in 1974 and \$3,920,000 in 1973	32,419,000	11,203,000
Transfer to special inventory reserve	22,444,000	7,328,000
Transfer to reserve for future investments	8,705,000	18,760,000
Transfer to reserve for environmental improvements	19,326,000	—
Transfer to special reserve for future investments	14,458,000	—
Transfer from reserve for investment in inventory	(10,976,000)	—
	<u>86,376,000</u>	<u>37,291,000</u>
Income before taxes	113,089,000	167,597,000
Taxes on income	61,268,000	80,533,000
	<u>51,821,000</u>	<u>87,064,000</u>
Minority interest	3,702,000	17,805,000
Net income	<u>\$ 48,119,000</u>	<u>\$ 69,259,000</u>

The notes on pages 26 and 27 are an integral part of the Consolidated Income Statement.

The United States dollar amounts shown in the above statement represent translations from Swedish kronor at the parity exchange rate at December 31, 1974 of S.Kr. 4.10 to \$1.00.

Consolidated Balance Sheet

TELEFONAKTIEBOLAGET LM ERICSSON
AND SUBSIDIARY COMPANIES

ASSETS	December 31	
	1974	1973
CURRENT ASSETS		
Cash	\$ 235,883,000	\$ 300,426,000
Notes and accounts receivable—trade (<i>less provision for doubtful accounts, 1974: \$5,494,000; 1973: \$5,191,000</i>)	566,146,000	500,563,000
Inventories (<i>less advance and progress payments, 1974: \$147,192,000; 1973: \$97,514,000</i>) (Note 2)	716,272,000	518,179,000
Other current assets	121,968,000	148,331,000
	<u>1,640,269,000</u>	<u>1,467,499,000</u>
LONG-TERM ASSETS		
Cash on time deposit (Note 4)	18,635,000	6,713,000
Notes and accounts receivable—trade	155,652,000	183,497,000
Other long-term assets	19,932,000	19,136,000
	<u>194,219,000</u>	<u>209,346,000</u>
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES		
Investments	87,089,000	67,184,000
Accounts receivable	21,845,000	21,127,000
	<u>108,934,000</u>	<u>88,311,000</u>
INVESTMENT IN TECHNICAL DEVELOPMENT PROJECTS	3,317,000	2,878,000
PROPERTY, PLANT AND EQUIPMENT (Note 3)		
Cost	691,129,000	582,436,000
Less—Accumulated depreciation	361,507,000	315,403,000
	<u>329,622,000</u>	<u>267,033,000</u>
Revaluation, net	46,414,000	49,127,000
	<u>376,036,000</u>	<u>316,160,000</u>
ASSETS PLEDGED TO SECURE INDEBTEDNESS	1974 \$280,085,000	1973 \$229,643,000
	TOTAL ASSETS	
	<u>\$2,322,775,000</u>	<u>\$2,084,194,000</u>

The notes on pages 26 and 27 are an integral part of the Consolidated Balance Sheet.

The United States dollar amounts shown in the above statement represent translations from Swedish kronor at the parity exchange rate at December 31, 1974 of S.Kr. 4.10 to \$1.00.

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31	
	1974	1973
CURRENT LIABILITIES		
Bank loans	\$ 133,040,000	\$ 84,966,000
Accounts payable—trade	117,406,000	75,200,000
Advances from customers	265,780,000	263,681,000
Accrued income and other taxes	70,838,000	91,715,000
Other current liabilities	217,102,000	176,711,000
	<u>804,166,000</u>	<u>692,273,000</u>
LONG-TERM DEBT		
Debentures (Note 6)	222,358,000	248,327,000
Other long-term liabilities	222,970,000	176,115,000
	<u>445,328,000</u>	<u>424,442,000</u>
PENSION AND SIMILAR PROVISIONS	134,394,000	118,832,000
SPECIAL RESERVES (Note 4)		
Special reserve for accounts receivable and investments outside Sweden	121,958,000	108,951,000
Special inventory reserves	139,852,000	117,327,000
Reserve for future investments	33,683,000	31,091,000
Reserve for environmental improvements	19,326,000	—
Special reserve for future investments	14,458,000	—
Reserve for investment in inventory	12,873,000	23,849,000
	<u>342,150,000</u>	<u>281,218,000</u>
MINORITY INTEREST IN STOCKHOLDERS' EQUITY	98,246,000	96,486,000
STOCKHOLDERS' EQUITY		
Capital stock (Note 7)	187,562,000	187,562,000
Reserves not available for distribution	154,276,000	130,503,000
Unappropriated earnings (see page 20)	156,653,000	152,878,000
	<u>498,491,000</u>	<u>470,943,000</u>
	1974	1973
CONTINGENT LIABILITIES	\$52,599,000	\$70,523,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,322,775,000	\$2,084,194,000

The United States dollar amounts shown in the above statement represent translations from Swedish kronor at the parity exchange rate at December 31, 1974 of S.Kr. 4.10 to \$1.00.

Statements of unappropriated earnings

CONSOLIDATED

Balance at January 1, 1974 (restated)		\$152,878,000
<i>Deduct:</i> Transfer to reserves not available for distribution and stock dividends	\$ 23,712,000	
Cash dividend declared by the Parent Company	20,632,000	44,344,000
		<u>108,534,000</u>
<i>Add:</i> Net income for 1974		48,119,000
Balance at December 31, 1974		<u>\$156,653,000</u>

The Boards of Directors of the respective companies have proposed that \$11.3 million of the above balance be appropriated in 1975 to reserves not available for distribution.

In evaluating the consolidated financial position, it should be noted that:

- (1) Unappropriated earnings in certain foreign subsidiaries will become subject to Swedish taxes if and when such earnings are transferred to the Parent Company, and,
- (2) In certain countries currency restrictions apply to transfer of dividends.

PARENT COMPANY

Balance at January 1, 1974		\$ 40,394,000
<i>Deduct:</i> Transfer to the special legal reserve	\$ 7,512,000	
Cash dividend	20,632,000	28,144,000
		<u>12,250,000</u>
<i>Add:</i> Net income for 1974		31,007,000
Balance at December 31, 1974		<u>\$ 43,257,000</u>

To this should be added a general reserve of \$23,744,000 which was unchanged during the year.

Source and application of funds—consolidated

SOURCE OF FUNDS

	1974	1973
Net income (including minority interest)	\$ 51,821,000	\$ 87,064,000
Depreciation	55,348,000	47,013,000
Special adjustments, less exchange differences charged to reserve for accounts receivable. (The adjustments include pension and similar provisions, 1974: \$15,562,000; 1973: \$18,638,000)	84,331,000	51,668,000
	<u>191,500,000</u>	<u>185,745,000</u>
Sale of stock and minority subscription of new shares	866,000	3,261,000
Long-term borrowings, net of amortization	20,887,000	36,327,000
Other items (net)	(893,000)	14,091,000
	<u>\$212,360,000</u>	<u>\$239,424,000</u>

APPLICATION OF FUNDS

Property, plant and equipment additions	\$122,391,000	\$ 92,771,000
Dividend paid (including Parent Company dividend, 1974: \$20,632,000; 1973: \$18,756,000)	24,391,000	21,773,000
Increase in cash on time deposit	11,922,000	(3,321,000)
Increase in investments and receivables in unconsolidated subsidiaries and associated companies	20,623,000	13,247,000
Increase in working capital (in 1974 including decrease \$27,844,000 and in 1973, increase \$11,165,000 in long-term receivables)	33,033,000	114,954,000
	<u>\$212,360,000</u>	<u>\$239,424,000</u>

The United States dollar amounts shown in the above statements represent translations from Swedish kronor at the parity exchange rate at December 31, 1974 of S.Kr. 4.10 to \$1.00.

Parent Company Income Statement

TELEFONAKTIEBOLAGET LM ERICSSON

	1974	1973
Net sales	\$660,172,000	\$546,529,000
Dividends	12,289,000	12,068,000
Interest income	33,545,000	29,584,000
Other revenue	5,612,000	4,937,000
	<u>711,618,000</u>	<u>593,118,000</u>
Cost of products and services sold	366,520,000	286,759,000
Selling, administrative, research and development expenses	174,928,000	169,307,000
Depreciation (Note 3)	16,460,000	14,685,000
Interest expense	25,462,000	23,643,000
Income before special adjustments and taxes	<u>128,248,000</u>	<u>98,724,000</u>
Special adjustments (Note 4)		
Transfer to special reserve for accounts receivable, \$30,906,000 in 1974 and \$14,749,000 in 1973, net of recovery of receivables previously written down, \$1,348,000 in 1974 and \$3,672,000 in 1973, and write-down of investments of \$440,000 in 1973	29,558,000	11,517,000
Transfer to special inventory reserve	20,610,000	20,731,000
Transfer to reserve for future investments	7,317,000	12,195,000
Transfer to reserve for environmental improvements	16,025,000	—
Transfer to special reserve for future investments	12,024,000	—
Transfer from reserve for investment in inventory	(10,976,000)	—
	<u>74,558,000</u>	<u>44,443,000</u>
Income before taxes	53,690,000	54,281,000
Taxes on income	22,683,000	23,659,000
Net income	<u>\$ 31,007,000</u>	<u>\$ 30,622,000</u>

The notes on pages 26–28 are an integral part of the Income Statement.

The United States dollar amounts shown in the above statement represent translations from Swedish kronor at the parity exchange rate at December 31, 1974 of S.Kr. 4.10 to \$1.00.

Parent Company Balance Sheet

TELEFONAKTIEBOLAGET LM ERICSSON

ASSETS	December 31	
	1974	1973
CURRENT ASSETS		
Cash	\$ 159,890,000	\$ 219,037,000
Notes and accounts receivable—trade		
Subsidiary companies	163,548,000	106,380,000
Other (<i>less provision for doubtful accounts, 1974: \$419,000; 1973: \$601,000</i>)	145,631,000	126,222,000
Inventories (<i>less advance and progress payments, 1974: \$11,835,000; 1973: \$9,206,000</i>)	286,096,000	203,857,000
Other current assets	29,822,000	25,979,000
	<u>784,987,000</u>	<u>681,475,000</u>
LONG-TERM ASSETS		
Cash on time deposit	12,061,000	1,957,000
Notes and accounts receivable—trade		
Subsidiary companies	30,436,000	40,657,000
Other	122,170,000	137,272,000
Other long-term assets	2,308,000	2,398,000
	<u>166,975,000</u>	<u>182,284,000</u>
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES		
Subsidiary companies		
Investments (see pages 24 and 25)	140,539,000	135,618,000
Accounts receivable	30,099,000	28,692,000
Associated companies		
Investments (see page 25)	10,666,000	4,325,000
Accounts receivable	963,000	989,000
	<u>182,267,000</u>	<u>169,624,000</u>
INVESTMENT IN TECHNICAL DEVELOPMENT PROJECTS	3,317,000	2,878,000
PROPERTY, PLANT AND EQUIPMENT		
Cost	239,451,000	212,357,000
Less—Accumulated depreciation	164,678,000	147,585,000
	<u>74,773,000</u>	<u>64,772,000</u>
Revaluation—net	34,115,000	36,022,000
	<u>108,888,000</u>	<u>100,794,000</u>
ASSETS PLEDGED TO SECURE INDEBTEDNESS	1974 \$180,879,000	1973 \$158,215,000
TOTAL ASSETS	<u>\$1,246,434,000</u>	<u>\$1,137,055,000</u>

The notes on pages 26–28 are an integral part of the Balance Sheet.

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31	
	1974	1973
CURRENT LIABILITIES		
Bank loans	\$ 1,734,000	\$ 2,054,000
Accounts payable—trade	33,223,000	22,284,000
Advances from customers	55,465,000	51,859,000
Taxes payable	—	8,714,000
Accounts payable to consolidated subsidiary companies	24,779,000	18,482,000
Other current liabilities	131,816,000	98,654,000
	<u>247,017,000</u>	<u>202,047,000</u>
LONG-TERM DEBT		
Debentures (Note 6)	211,166,000	235,963,000
Other long-term liabilities	76,932,000	58,013,000
	<u>288,098,000</u>	<u>293,976,000</u>
PROVISION FOR PENSIONS	74,919,000	66,162,000
SPECIAL RESERVES (Note 4)		
Special reserve for accounts receivable	106,032,000	94,082,000
Special inventory reserve	143,844,000	123,234,000
Reserve for future investments	12,205,000	10,683,000
Reserve for environmental improvements	16,024,000	—
Special reserve for future investments	12,025,000	—
Reserve for investment in inventory	12,195,000	23,171,000
	<u>302,325,000</u>	<u>251,170,000</u>
STOCKHOLDERS' EQUITY		
Capital stock (Note 7)	187,562,000	187,562,000
Legal reserve	37,634,000	37,634,000
Special legal reserve	41,878,000	34,366,000
General reserve	23,744,000	23,744,000
Unappropriated earnings (see page 20)	43,257,000	40,394,000
	<u>334,075,000</u>	<u>323,700,000</u>
CONTINGENT LIABILITIES	1974	1973
	\$123,935,000	\$125,617,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$1,246,434,000</u>	<u>\$1,137,055,000</u>

Investments

Stocks directly owned by Parent Company

Consolidated Subsidiary Companies		Percentage of ownership (decimals omitted)		Par value of holding (in thousands)	Carrying value of holding
Sweden					
I	Ericsson Telephone Sales Corp. AB (ESS)	100	S.Kr.	50	\$ —
I	LM Ericsson Instruktionssteknik AB (ITA)	100		200	24
I	LM Ericsson Telemateriel AB (LMS)	100		30,000	7,293
I	AB Rifa (RIF)	100		35,000	8,269
I	Sieverts Kabelverk AB (SKV)	100		108,000	26,341
I	Svenska Radio AB (SRA)	71		15,040	2,157
III	Fastighets AB Rådmanen nr 1 (FAR)	100		7,400	122
III	KA-fabrikens Fastighets AB (KFA)	100		200	124
IV	AB Aulis (AUL)	100		6,000	488
IV	Casa Konsult AB (CAS)	100		500	121
IV	LM Ericssons Signal AB (SIB)	100		150	—
IV	Mexikanska Telefon AB Ericsson (MTE)	100		32,400	8,373
V	ELLEMTEL Utvecklings AB (EUA)	50		5,000	1,463
Europe excluding Sweden					
I	Oy LM Ericsson Ab (LMF)	100	Fmk	18,375	5,290
I	LM Ericsson A/S (LMD)	100	D.Kr.	40,000	6,552
I	Dansk Signal Industri A/S (DSI)	100	D.Kr.	10,000	1,808
I	Ericsson Centrum GmbH (CEH)	100	DM	4,000	1,477
I	Swedish Ericsson Rentals Ltd. (CRL)	100	£	20	54
I	LM Ericsson Ltd. (LMI)	100	£	180	310
I	Ericsson Telefoonmaatschappij B.V. (ETM)	100	Fl.	10,000	3,126
I	Société Française des Téléphones Ericsson (STE)	51	FF	32,994	18,442
I	RIFA S.A. (RFF)	100	FF	7,000	1,615
I	Ericsson AG (EAS)	100	S.Fcs	1,500	459
I	Industrias de Telecomunicación S.A. (Intelsa) (ITS)	50*	Ptas	400,000	6,993
I	LM Ericsson S.A. (LES)	100	Ptas	75,000	1,543
I	Soc. Ericsson de Portugal, Lda. (SEP)	100	Esc.	15,000	308
IV	Production Control (Ericsson) Ltd. (PCE)	100	£	1	—
IV	Swedish Ericsson Co. Ltd. (SEL)	100	£	792	2,789
IV	SETEMER Soc. per Az. (STM)	51	It.L	4,400,056	6,871
IV	Elmé. S.A. (LML)	100	B.Fcs.	50	—
IV	Deutsche Ericsson GmbH Telematerial (EVG)	100	DM	20	—
U.S.A. and Canada					
I	Ericsson Centrum Inc. (ECI)	100	US\$	400	332
I	The Ericsson Corporation (TEC)	100	US\$	No par value	6
I	LM Ericsson Ltd. (LMC)	100	Can.\$	No par value	601
Latin America					
I	Latinoamericana de Cables S.A. de C.V. (LCM)	58	Mex.P.	31,625	2,795
I	Teléfonos Ericsson S.A. (TEM)	100	Mex.P.	8,000	624
I	Teleindustria Ericsson, S.A. (TIM)	70	Mex.P.	79,380	7,246
I	Telequijos S.A. (TEP)	100	US\$	10	12
I	Cía Anónima Ericsson (CEV)	100	Bol.	10,000	2,470
I	Ericsson de Colombia S.A. (EDC)	74*	Col.P.	6,869	680
I	Fábricas Colombianas de Materiales Eléctricos Facomec S.A. (FAC)	69*	Col.P.	22,336	1,466
I	Teléfonos Ericsson C.A. (TEE)	100	Sucres	2,730	74
I	Cía Ericsson S.A. (CEP)	100	Soles	2,178	93
I	Ericsson do Brasil Comércio e Indústria S.A. (EDB)	74	Cruz.	149,440	1,650
I	Cía Ericsson de Chile S.A. (CEC)	100	Esc.	600	119
I	Cía Ericsson S.A. (CEU)	100	Ur.P.	36,000	270
I	Cía Ericsson S.A.C.I. (CEA)	100	Arg.P.	6,463	631
I	Industrias Eléctricas de Quilmes S.A. (IEQ)	100	Arg.P.	29,046	1,645
III	Inmobiliaria Parque Vía S.A. (IPM)	100	Mex.P.	2,500	252
III	Inmobiliaria Coapa S.A. (ICM)	100	Mex.P.	1,000	153
IV	Empresa Sul Americana de Telefones S.A. (EST)	100	Cruz.	2	—
IV	Mextron S.A. de C.V. (MSM)	100	Mex.P.	1,000	354
IV	Teleric Sales Corporation (TSP)	100	US\$	No par value	1
IV	Teléfonos Ericsson C.A. (TEV)	100	Bol.	700	190

* Through holdings in subsidiaries, the Group owns 51 % of ITS, 43 % of EBN, 42 % of SEB, 80 % of STA and SME and 100 % of EDC and FAC.

		Percentage of ownership (decimals omitted)	Par value of holding (in thousands)	Carrying value of holding	
Other Countries					
I	Société Algérienne des Téléphones Ericsson (STA)	60*	Alg.Din.	12	–
I	Société Marocaine des Téléphones Ericsson (SME)	58*	Dirham	88	32
I	Ericsson (Zambia), Ltd. (EZZ)	100	Kwacha	150	252
I	Ericsson India Ltd. (EII)	60	Rup.	740	123
I	Telecommunication Manufacturers (Malaysia) SDN BHD (TMK)	100	M\$	3,000	1,331
IV	Ericsson Talipon SDN BHD (ETK)	100	M\$	150	62
Total consolidated subsidiary companies					\$135,876

Unconsolidated Subsidiary Companies

II	Cía Argentina de Teléfonos S.A. (CAT)	78	Arg.P.	23,939	\$ 2,595
II	Cía Entrerriana de Teléfonos S.A. (CET)	86	Arg.P.	7,804	2,068
Total unconsolidated subsidiary companies					\$ 4,663
Total subsidiary companies					\$140,539

Associated Companies

I	ASEA LME Automation AB (ALA)	40	S.Kr.	4,000	\$ 975
I	GNT AUTOMATIC A/S (GNT)	49	D.Kr.	20,090	511
I	Fios e Cabos Plásticos do Brasil S.A. (Ficap) (FCB)	45	Cruz.	36,028	4,753
I	Sielte S.A. Instalações Elétricas e Telefônicas (SEB)	7*	Cruz.	175	33
I	A/S Elektrisk Bureau (EBN)	35*	N.Kr.	13,206	3,144
IV	Thorn-Ericsson Telecommunications Ltd. (TEL)	49	£	490	1,250
Total associated companies					\$ 10,666

Stocks indirectly owned by Parent Company

(Minor items omitted)

Consolidated Subsidiary Companies

I	Kabmatik AB (KAB)	100	S.Kr.	3,000	
I	Thorsman & Co AB (TCN)	100	S.Kr.	9,500	
I	AB Transvertex (TRX)	100	S.Kr.	105	
I	Etablissements Ferrer-Auran S.A. (FAF)	49	FF	3,721	
I	FATME Soc. per Az. (FAT)	51	It.L	5,128,270	
I	SIELTE Soc. per Az. (SEI)	51	It.L	2,564,135	
I	Société Libanaise des Téléphones Ericsson (STL)	100	L£	50	
I	LM Ericsson Pty. Ltd. (EPA)	73	A\$	4,360	
I	A.E.E. Capacitors Pty. Ltd. (AEE)	100	A\$	1,800	
I	Telemontaje S.A. de C.V. (TMM)	70	Mex.P	4,550	
III	Inmobiliaria Securitas S.A. de C.V. (ISM)	70	Mex.P	2,100	
IV	Teleric Pty. Ltd. (TLA)	100	A\$	1,996	

Associated Companies

I	Bjurhagens Fabriker AB (BFA)	50	S.Kr.	7,500	
I	Bofa Kabel AB (BOF)	50	S.Kr.	5,000	
I	Kabeldon AB (KDA)	50	S.Kr.	2,500	
I	AB Norrköpings Kabelfabrik (NKF)	50	S.Kr.	750	
I	AB Elektrokoppar (EKS)	25	S.Kr.	3,750	
I	Svenska Elgrossist AB, SELGA (SEG)	34	S.Kr.	12,719	
I	A/S Norsk Kabelfabrik (NKD)	43	N.Kr.	6,919	
I	A/S Telesystemer (ATN)	43	N.Kr.	2,594	
I	Thorn-Ericsson Telecommunications (Sales) Ltd. (SEE)	49	£	294	
I	Thorn-Ericsson Telecommunications (Mfg.) Ltd. (TME)	49	£	245	
I	Conqueror Cables Pty. Ltd. (CCA)	40	A\$	2,800	
V	Société Lannionnaise d'Electronique SLE-CITEREL (SLE)	17	FF	2	

KEY TO FUNCTIONS OF COMPANIES

I Manufacturing and distributing companies
 II Telephone operating companies
 III Real estate companies

IV Holding and other non-operating companies
 V Development companies

Notes to the financial statements

Note 1

The consolidated financial statements include the accounts of the Parent Company and all subsidiaries with the exception of the telephone operating companies in Argentina. Because of the nature of their operations, these companies are included in the accounts in accordance with the principles applied in reporting the participation in earnings of associated companies.

In the translation of the accounts of foreign subsidiaries, property, plant and equipment—and depreciation thereon—have been recorded at exchange rates at date of acquisition. Other assets and liabilities have been translated at year-end exchange rates, except for the inventories of the Brazilian subsidiary and that company's advances from customers, which have been translated at historical rates.

Note 2

Inventories are generally valued at standard cost, which approximates cost on a "first-in, first-out" basis, not in excess of market.

Profits from intra-Group sales which have not been realized at year-end through sales to customers outside the Group have been eliminated in their entirety in valuing inventories, even in the case of those companies with minority interests.

Profits on large contracts are recorded in accordance with the "percentage of completion" method. If costs remaining on such contracts are estimated to exceed remaining revenues, provisions for estimated losses are established.

Note 3

The Parent Company and its Swedish subsidiaries generally depreciate buildings at a rate of 2 to 4 percent on cost and machinery and equipment at 20 percent on cost or 30 percent of book value. In addition, nonrecurring depreciation charges are made against investment reserves. Subsidiary companies outside Sweden follow depreciation methods adapted to local practices.

Revaluations of property, plant and equipment occurred in connection with stock dividends in the Parent Company and Sievert Kabelverk AB. To the extent that they relate to buildings, the revaluations—which do not exceed tax assessment values—are depreciated at a rate of 5 percent per year.

Property, plant and equipment at December 31, 1974 comprised:

	<i>Cost</i>	<i>Revaluation</i>
Land	\$ 28,130,000	\$13,037,000
Buildings	222,715,000	49,137,000
Machinery and equipment	389,594,000	—
	640,439,000	62,174,000
Construction in progress	50,690,000	—
	691,129,000	62,174,000
Less—Accumulated depreciation	361,507,000	15,760,000
Net book value	\$329,622,000	\$46,414,000

Note 4

The following provides additional information on Special reserves shown in the financial statements.

The special reserve for accounts receivable and investments outside Sweden consists mainly of write-downs of Parent Company receivables which are tax-deductible in Sweden. Amounts recovered are subject to tax at the rate prevailing when collection is made. The 1975 rate is estimated at 54 percent.

In accordance with Swedish tax regulations, appropriations to inventory reserves are, within certain limits, deductible for tax purposes. In principle, the inventory reserve may amount to 60 percent of the inventory value, based on the "first-in, first-out" method. The portion of the reserve that is transferred back to income, as in the case of a decrease in inventory, is taxable to the extent that such transfer is not used to cover losses.

In accordance with a special regulation, Swedish companies are permitted to set aside a certain portion of their earnings to a reserve for the purpose of equalizing fluctuations in business conditions. The appropriation is deductible for tax purposes and 46 percent of the amount appropriated must be deposited on a non-interest-bearing account with the Bank of Sweden. Withdrawals from the reserve may be made only to the extent approved by the authorities. When the approved investments in fixed assets (buildings, machinery etc.) have been completed, the cost of such assets, to the extent that this may be covered by the use of the reserve for future investments, is depreciated completely by transferring a similar amount from the reserve to accumulated depreciation. As a result, taxable income is increased by a similar amount during the normal depreciation period because no further depreciation is required in respect of such assets.

In 1974, regulations requiring compulsory appropriations to a reserve for environmental improvements and a special reserve for future investments were adopted in Sweden. The appropriations are based on a certain percentage of income before tax. Amounts equal to the total appropriations to these reserves must be deposited on a non-interest-bearing account with the Bank of Sweden. Conditions applying to the utilization of the reserves and withdrawals of funds deposited in the Bank are largely the same as those applying to the older voluntary reserves described above. Employee approval must be obtained for use of the reserve for environmental improvements, however. In the case of the special investment reserve, employee opinions must be heard.

At December 31, 1974 the sum of \$18.2 million relating to the reserves described above had been deposited in the Bank of Sweden. Of this amount, \$8.9 million pertained to the reserve for environmental improvements, nil to the special reserve for future investments, and \$9.3 million to the voluntary reserves.

An amount of \$11 million was withdrawn from the reserve for investment in inventory and taxed.

Note 5

Parent Company receivables and cash balances in foreign currencies which are included in the Group accounts and which have due dates during the years 1975 through 1984, together with medium- and long-term borrowings with due dates from 1976 through 1992, are as follows, in millions:

	<i>Nominal amount</i>		<i>Book value Swedish kronor</i>	
Receivables:				
Customer receivables and cash balances	U.S. Dollars	185.0	U.S. Dollars	807.5
Long-term debt:	U.S. Dollars	38.2	U.S. Dollars	197.2
	Deutsche Marks	100.0	Deutsche Marks	150.6
	Swiss Francs	230.0	Swiss Francs	305.8

Note 6*Debtentures***PARENT COMPANY**

4½ % Debtentures of 1944, due 1976 to 1978, S.Kr. 3,750,000	\$ 915,000
3½ % Debtentures of 1950, due July 1, 1980, S.Kr. 13,347,000	3,255,000
4½ % Debtentures of 1959, due 1976 to 1977, Swiss Francs 10,000,000	2,927,000
6½ % Debtentures of 1966, due 1976 to 1986, US\$ 13,200,000	16,645,000
6½ % Debtentures of 1968, due 1976 to 1988, S.Kr. 58,550,000	14,281,000
5½ % Debtentures of 1968, due 1976 to 1983, Swiss Francs 40,000,000	11,707,000
9¼ % Debtentures of 1970, due 1976 to 1985, US\$ 24,950,000	31,461,000
7½ % Debtentures of 1971, due 1976 to 1991, S.Kr. 67,250,000	16,402,000
7¼ % Debtentures of 1972, due 1976 to 1992, S.Kr. 69,250,000	16,890,000
6 % Debtentures of 1972, due March 15, 1977, Swiss Francs 100,000,000	32,634,000
6¾ % Debtentures of 1972, due 1978 to 1987, DM 100,000,000	36,732,000
6 % Debtentures of 1973, due 1984 to 1988, Swiss Francs 80,000,000	27,317,000
	<u>\$211,166,000</u>

SUBSIDIARY COMPANY

Société Française des Téléphones Ericsson

Debtentures

Obligations in French Francs with due dates from 1976 through 1991 and with interest rates of between 7 % and 8¾ %	11,192,000
	<u>\$222,358,000</u>

The installments of the above debtentures due in 1975 are included under current liabilities, net of debtentures held in the treasury.

Note 7

Capital Stock of the Parent Company

2,485,677 Class A shares	\$ 30,313,000
12,894,440 Class B shares	157,249,000
	<u>15,380,117</u>
	<u>\$187,562,000</u>

All shares, each with a par value of Swedish kronor 50, carry equal rights to participation in the net assets and profits of the Company. Class A shares are entitled to cast one vote and Class B shares are entitled to cast one 1/1000 of a vote at stockholders' meetings.

Supplementary information to the Parent Company's financial statements as required by the Swedish Companies Act

Number of employees and remuneration

	1974	1973
Average number of:		
Office employees	8,412	8,274
Factory employees	14,857	13,652
	<u>23,269</u>	<u>21,926</u>
Fees, salaries and wages:		
Board of Directors and Management	\$ 3,256,000	\$ 2,782,000
Other office employees	100,315,000	88,673,000
Factory employees	105,072,000	88,975,000
	<u>\$208,643,000</u>	<u>\$180,430,000</u>

Expenses for fringe benefits, including vacation salaries, pension costs, sickness and accident insurance premiums and other personnel expenses, amounted to approximately 38 % (36 % in 1973) of total salaries and wages paid in 1974 for time worked.

Income statement data

	1974	1973
Dividends, interest and other income:		
Dividends:		
Subsidiaries	\$11,678,000	\$11,484,000
Others	611,000	584,000
Interest:		
Subsidiaries	7,887,000	6,573,000
Others	25,658,000	23,011,000
Other income:		
Subsidiaries	4,063,000	3,161,000
Others, including capital gains from sales of stock in subsidiary and associated companies; 1974		
\$1,396,000; 1973:		
\$1,781,000	1,549,000	1,776,000
	<u>\$51,446,000</u>	<u>\$46,589,000</u>
Interest expense:		
Subsidiaries	\$ 545,000	\$ 277,000
Others	24,917,000	23,366,000
	<u>\$25,462,000</u>	<u>\$23,643,000</u>
Administrative expenses (approximately)	\$7,800,000	\$8,400,000
Depreciation		
Buildings		
Cost	\$ 1,416,000	\$ 1,322,000
Revaluation	1,907,000	1,907,000
Machinery and equipment ..	13,137,000	11,456,000
	<u>\$16,460,000</u>	<u>\$14,685,000</u>

In addition, \$5,805,000 of buildings, machinery and equipment acquired in 1974 was written down completely through charges against the reserve for future investments.

Balance sheet data

(in thousands of dollars)

Notes and accounts receivable—trade include notes in the amount of \$59.5 million (subsidiaries: none)

	Cost	Revaluation	Book value
Property, plant and equipment:			
Land	\$ 7,309	\$ 7,139	\$ 14,448
Property improvements	1,061	—	868
Buildings	84,327	38,147	47,998
Machinery and equipment ..	132,411	—	31,231
	<u>225,108</u>	<u>45,286</u>	<u>94,545</u>
Construction in progress	14,343	—	14,343
	<u>239,451</u>	<u>45,286</u>	<u>108,888</u>
Less—Accumulated depreciation	164,678	11,171	—
Net book value	<u>\$ 74,773</u>	<u>\$34,115</u>	<u>\$108,888</u>
Tax assessment value of land and buildings			\$82,270
Fire insurance value of:			
Buildings			\$186,341
Machinery and equipment			322,439
			<u>\$508,780</u>

The provision for pensions includes \$64.1 million for supplementary service pensions to office employees.

Assets pledged to secure indebtedness:

Mortgages on land and buildings	\$ 27,807
Floating charges on other assets	47,561
Shares	36,768
Accounts receivable	68,355
Blocked cash on time deposit	388
	<u>\$180,879</u>
Contingent liabilities	<u>\$123,935</u>

Special loans and commitments

The Company has loans receivable and is committed in connection with the acquisition by employees of houses, automobiles and stock in the Company as follows:

Four loans totaling \$4,663 to board members and managing directors of Group Companies.

Five pledges on assets totaling \$71,220 and eight guarantees totaling \$208,045 as security for loans obtained by board members and managing directors of Group Companies.

Pledges on assets in the amount of \$317,073 as security for bank loans obtained by 2,160 Group employees for the purchase of stock in the Company, and loans totaling \$137,866 to these employees, representing part of the interest on said bank loans, in accordance with the Company's "stock loan" offer of 1973.

To the Stockholders of Telefonaktiebolaget LM Ericsson

We the undersigned auditors, appointed at the Annual General Meeting of Stockholders, present herewith our report for the year 1974.

We have examined the Annual Report of the Board of Directors and the President, the Consolidated Statements, the minutes and other documents which provide information about the financial position and results of its operations and the administration of the Company and of the Group, and have carried out such other auditing procedures as we considered necessary.

The requirements of the law regarding consolidated statements and information in respect of investments have been complied with. The regulations covering disclosure of loans to, and contingent liabilities in respect of, certain persons closely related to the Company have been complied with.

Our examination has revealed no reason for criticism, either with respect to the accounts and documents presented to us, the Company's accounting procedures, the inventory taken of the Company's assets, or the administration of the Company.

The proposed appropriation of the unappropriated earnings includes a transfer to the special legal reserve in the amount prescribed by law and the proposed dividend is not contrary to sound business practice considering the financial position of the Group and the results of its operations.

As a result of our examination we recommend:

that the Balance Sheet at December 31, 1974, included in the Annual Report, be approved,

that unappropriated earnings in the amount of \$43,257,000, exclusive of the General reserve of \$23,744,000, be dealt with in accordance with the proposal of the Board of Directors and

that the Board of Directors and the President be released from responsibility for their administration for the period covered by the Annual Report.

Stockholm, April 17, 1975.

Klas de Vylder
Swedish Authorized Public Accountant
(Partner in Price Waterhouse & Co.)

N.-A. Frisk

John M. Boyd
Chartered Accountant
(Partner in Price Waterhouse & Co.)

Consolidated net sales By product groups and markets

		1974	%	1973	%
GROUP SALES BY PRODUCTS	Public telephone exchanges	\$ 679,900,000	46.6	\$ 573,000,000	47.5
	Private exchanges and telephone instruments	257,300,000	17.6	203,600,000	16.9
	Transmission equipment for telecommunications and radio systems	96,600,000	6.6	80,700,000	6.7
	Other systems and components	117,300,000	8.0	94,500,000	7.8
	Military electronics and development projects	45,200,000	3.1	40,600,000	3.4
	Cable, wire and line equipment	220,500,000	15.1	173,700,000	14.4
	Other products	43,600,000	3.0	39,600,000	3.3
	Total	\$1,460,400,000	100.0	\$1,205,700,000	100.0
<hr/>					
OVERALL GEOGRAPHIC DISTRIBUTION OF SALES	Sweden	\$ 247,800,000	17.0	\$ 225,600,000	18.7
	Europe (excluding Sweden)	646,400,000	44.2	592,300,000	49.1
	Latin America	350,200,000	24.0	230,300,000	19.1
	Australia, Asia and Africa	191,100,000	13.1	134,500,000	11.2
	U.S.A. and Canada	24,900,000	1.7	23,000,000	1.9
Total	\$1,460,400,000	100.0	\$1,205,700,000	100.0	
<hr/>					
DISTRIBUTION OF SALES IN EUROPE (EXCLUDING SWEDEN)	Italy	\$147,600,000		\$198,900,000	
	France	145,900,000		136,200,000	
	Spain	84,100,000		42,500,000	
	Denmark	69,700,000		55,400,000	
	Finland	59,600,000		45,700,000	
	Great Britain	33,200,000		22,300,000	
	Ireland	24,000,000		13,000,000	
	The Netherlands	23,800,000		24,700,000	
	Norway	18,400,000		14,400,000	
	Other countries	40,100,000		39,200,000	
	\$646,400,000		\$592,300,000		
<hr/>					
DISTRIBUTION OF SALES IN LATIN AMERICA	Brazil	\$174,200,000		\$ 94,400,000	
	Mexico	83,300,000		62,600,000	
	Colombia	31,300,000		23,400,000	
	Argentina	17,700,000		14,700,000	
	Venezuela	15,100,000		19,100,000	
	Other countries	28,600,000		16,100,000	
	\$350,200,000		\$230,300,000		
<hr/>					
DISTRIBUTION OF SALES IN AUSTRALIA ASIA AND AFRICA	Australia	\$ 67,500,000		\$ 60,200,000	
	Near East	51,500,000		28,400,000	
	Asia (Near East excluded)	32,300,000		22,300,000	
	Africa	39,800,000		23,600,000	
	\$191,100,000		\$134,500,000		

All amounts translated at the rate of S.Kr. 4.10 to U.S. \$1.00.

The Ericsson Group/10-year financial summary

As reported in the annual reports for the respective years

INCOME DATA

Dollar amounts in thousands except per share figures

	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
Net sales	\$1,460,386	1,271,297	1,047,352	916,860	770,616	708,966	614,898	558,684	491,217	485,606
Income before special adjustments and taxes	\$ 199,465	215,509	131,908	116,294	121,680	112,943	89,251	77,948	74,315	75,673
Percent of sales	13.7 %	17.0 %	12.6 %	12.7 %	15.8 %	15.9 %	14.5 %	14.0 %	15.1 %	15.6 %
Depreciation	\$ 55,348	49,016	39,610	31,267	26,678	22,300	20,835	19,702	17,477	17,287
Special adjustments	\$ 86,376	41,835	23,242	39,193	34,619	26,335	15,679	19,037	20,109	25,171
Swedish and foreign income taxes	\$ 61,268	85,098	50,536	35,275	40,072	45,790	37,406	28,793	22,676	25,572
Reported net income	\$ 48,119	68,305	43,899	32,269	42,703	37,030	33,440	27,003	28,213	23,107
Per share	\$ 3.13	4.44	2.85	2.10	2.78	2.41	2.17	1.76	1.83	1.50
Adjusted net income per share	\$ 5.15	5.49	3.49	3.14	3.86	3.23	2.65	2.35	2.47	2.33
Dividend	\$ 22,507	20,632	18,756	16,506	16,506	16,506	12,504	11,254	11,254	10,420
Per share	\$ 1.46	1.34	1.22	1.07	1.07	1.07	.81	.73	.73	.68
(for 1974 as proposed by the Board of Directors)										

BALANCE SHEET DATA (year-end)

Net working capital	\$836,103	802,607	692,786	525,160	447,802	384,340	350,136	287,928	296,754	258,021
Ratio of current assets to current liabilities	2.0:1	2.1:1	2.3:1	2.3:1	2.2:1	2.4:1	2.3:1	2.2:1	2.4:1	2.3:1
Net property, plant and equipment	\$376,036	329,156	263,204	242,128	191,125	160,817	145,782	142,159	120,715	119,438
Long-term debt	\$445,328	434,300	398,879	269,110	185,459	126,145	116,666	73,709	76,048	49,269
Minority interest	\$ 98,246	107,786	87,883	59,291	39,346	32,131	28,838	24,939	21,680	19,728
Stockholders' equity	\$498,491	468,258	382,937	353,280	337,510	306,259	281,225	245,266	22,538	195,222

OTHER DATA (year-end)

Capital expenditure for property, plant and equipment	\$122,391	95,386	90,430	98,112	66,498	39,756	40,966	46,141	31,183	23,676
Number of employees	80,600	75,600	70,600	66,900	61,900	53,600	48,700	46,400	43,800	44,000
Number of shares outstanding	15,380,117	15,380,117	12,304,094	12,304,094	12,304,094	12,304,094	10,253,412	10,253,412	8,544,510	8,544,510
Backlog of orders	\$1,878,300	1,657,400	1,189,000	999,800	880,800	736,000	691,700	612,000	599,300	558,000

All per share figures are based on the number of shares after stock dividends in 1965 (one for four), 1967 (one for five), 1969 (one for five) and 1973 (one for four).

Adjusted net income per share reflects net income after adding back special adjustments, less amounts equivalent to reduction in current income taxes resulting from such adjustments.

The United States dollar amounts shown in the above summary represent translations from Swedish kronor at the parity exchange rate at December 31, 1974 of S.Kr. 4.10 to \$1.00.



Year's Review

SWEDEN

Order bookings in Sweden in 1974, \$222.9 million, were slightly lower than the \$225.8 million booked in 1973.

Contracts from Government agencies decreased \$8.3 million while sales to other customers were somewhat higher.

Total sales rose 10 (15) percent during the year, from \$225.6 million to \$247.8 million and the order backlog at year-end amounted to \$178.7 million, compared with \$203.7 million at year-end 1973.

The need for investments in the Swedish telecommunications network was again limited during 1974. As a consequence, orders for exchange material, transmission equipment and cable were lower than anticipated.

During the year the Parent Company received from the Swedish Telecommunications Administration the first order for a new, fully electronic, computer-controlled telex exchange to handle national and international traffic.

A system for automatic monitoring of train speeds will be developed for the Swedish State Railways and development of a computer-controlled switchgear system got under way for the same customer.

Additional orders were received from the Swedish Air Force for the development of radar systems for the fighter version of the Viggen military aircraft and other applications.

Mobile radar tracking station developed primarily for the Swedish "RBS 70" antimissile system.

Specially trained workers program wire sparking machines for prototype and tool production.

Svenska Radio AB's order bookings for most of the company's products were good. The new "Automatic" mobile radio system was very well received in the market and a number of large orders were obtained.

The downturn in building construction affected LM Ericsson Telemateriel AB's sales in the domestic market while there was a sharp increase in orders booked on the export side. The market for security systems was broadened through expansion of the product program in this field with a number of new systems. "Fire Alarm 80," was one of the new systems introduced during the year.

AB RIFA enjoyed high order bookings during the first part of the year due to a general shortage of components. A weakening in demand was noted late in the year in connection with the decline in economic conditions. A new laboratory building was completed at the company's plant in Kalmar.

Sieverts Kabelverk AB had considerable success with its technically advanced high-voltage cable in foreign markets and the export share of the company's sales was the highest to date. The plant at Falun is being expanded during the current year.

Thorsman & Co AB was also affected by the low volume of investments for construction in Sweden but maintained its leading position as a manufacturer of fixing devices and electrical skirting systems.

Additions to Parent Company plants at Ingelsta (near Norrköping) and Visby were placed in service during the year, in addition to which a new factory in Borås was completed to replace facilities formerly leased.

Planning is under way for two large industrial complexes for Svenska Radio AB and AB RIFA at Kista, a suburb north of Stockholm. The new buildings will partly replace leased quarters in the inner city.



EUROPE (excluding Sweden)

Summary

Orders booked in the Group's European markets outside Sweden rose 9 (25) percent, from \$681 million in 1973 to \$744.5 million in 1974. The proportion of total Group orders in this region remained unchanged at 41 percent.

Sales totaled \$646.4 million, compared with \$592.3 million in 1973, an increase of 9 (26) percent.

The order backlog at year-end amounted to \$653 million, as against \$582.5 million, at the close of the preceding year.

Sales in the major markets were distributed as follows:

(\$ Millions)	1974	1973
Italy	\$147.6	\$198.9
France	145.9	136.2
Spain	84.1	42.5
Denmark	69.7	55.4
Finland	59.6	45.7
Great Britain	33.2	22.3
Ireland	24.0	13.0
The Netherlands	23.8	24.7
Norway	18.4	14.4
Other Western European countries	29.2	28.3
Eastern Europe	10.9	10.9
	\$646.4	\$592.3

Italy

The economic crisis in Italy deepened towards the end of the year, and the shortage of capital forced the telephone administrations to review their investment plans and the financing of further expansions of their systems. The situation had already been reflected earlier in the year in the reduced volume of orders. Discussions between the administrations and the domestic manufacturers relating to deliveries during 1975 have not yet been decisive but, in all probability, there will be a substantial cutback in investments.

FATME, the Group's Italian manufacturing subsidiary, received an additional contract for a computer-controlled trunk exchange to be installed in Naples. Orders also included a new transmission system developed by FATME, as well as railway signaling equipment.

During the first half of 1974 FATME was affected by the general unrest in the Italian labor market and suffered a substantial shortfall in production. Interruptions in the supply of materials were also a contributing factor. During the remainder of the year it was possible to handle production in a normal manner.

Order bookings of SIELTE, the network construction company, were good and its operations in general developed favorably. Towards the end of the year the labor force was trimmed to conform to an expected lower level of network construction activity on the part of the telephone administrations.

France

Société Française des Téléphones Ericsson (STE) received large orders for public telephone exchanges from the government telephone administration. The orders included a contract, for an initial local exchange with large capacity in the Paris area, that is particularly important for the future.

The company continued to be successful in its marketing of the PE 1024 stored program controlled PABX. The largest exchange of this type to date, serving 7,000 subscriber lines, was placed in service by Crédit Lyonnais in Paris, with very good operating performance. The market for private exchanges weakened near the end of the year as the result of the cautious attitudes towards investment on the part of French industry.

The factory at Saint-Nicolas is being expanded in order to increase production of parts and telephone instruments. Produc-

tion of electronic systems in the new plant at Cergy, outside Paris, is now expanding sharply.

Spain

Orders booked from Compañía Telefónica Nacional de España (CTNE) continued to be high. New contracts included a very large trunk exchange for Barcelona.

The buildup of production at INTELSA's plants continued and deliveries during the year were substantially higher than in previous years. The factory at Leganés, outside Madrid, is being expanded to meet the need for increased production capacity.

Operations of LM Ericsson, S.A. developed favorably in the areas of railway signaling equipment and internal communications systems.

Denmark

Orders for public telephone exchanges booked by LM Ericsson A/S were substantially higher than in the preceding year. Sales of other telecommunications products were also good, considering the tight economic situation within the country.

New contracts included two additional computer-controlled trunk exchanges for Copenhagen's long distance traffic, to be located in the Albertslund section of the city and at Slagelse. The capacity of the exchange of the same type that is already in operation at Aalborg will be expanded through a follow-on order.

The first large crossbar exchange to be converted to stored program control operation was placed in service with the new equipment, in Aarhus.

There were large deliveries of data modems to the government telecommunications administration.

Restrictions on investments affected orders booked by Dansk Signal Industri A/S for railway and highway traffic signaling equipment. Total orders booked rose towards the end of the year, however, as the result of large contracts from the government railway authorities.

Operations developed favorably at GNT AUTOMATIC A/S, which the Group owns jointly with Det Store Nordiske Telegraf-Selskab A/S. The coin telephone instruments developed by the company were marketed successfully in the export field.

Finland

Despite very hard competition in the market for public telephone network equipment, Oy LM Ericsson Ab was successful in its sales efforts. Notable new contracts included an order from the government telephone administration (PLH) for an additional large computer-controlled telephone exchange for national and international traffic. The first order for the new generation of computer-controlled exchanges for local traffic was placed by the administration in Turku. Substantial orders were received from the Helsinki Telephone Association for computer-controlled crossbar exchanges. A number of other telephone companies also ordered the same exchange system.

Order bookings for private subscriber exchanges were very high.

During the year the computer-controlled trunk exchanges for PLH and the telephone administration in Turku were placed in service.

Construction of the new plant at Brahested is continuing and it is expected that it will be ready for occupancy during the middle of the current year.

Great Britain

Thorn-Ericsson Telecommunications (Sales) Ltd. continued to be successful in its selling of subscriber exchanges and internal communications systems, with orders exceeding those of the

preceding year by slightly more than 50 percent. Major contracts included a 4,000-line PABX exchange for the National Westminster Bank. Thorn-Ericsson Telecommunications (Manufacturing) Ltd. will acquire new production facilities through its relocation to Scunthorpe, in northeast England. The new plant is expected to be completed at the end of the current year and the training of personnel is now under way in leased quarters.

Deliveries to the Post Office Corporation of equipment for the international telephone exchange in Mollison House, London, continued in 1974 and the first stage of this very large exchange was placed in service during the year.

Other markets

Ericsson Telefoonmaatschappij B.V. in The Netherlands received an order for a computer-controlled telephone exchange for inter-city traffic in Dordrecht and the government telephone administration also placed a contract for expansion of the existing exchange, based on the same system, for national and international traffic in Rotterdam.

Orders received by A/S Elektrisk Bureau in Norway for public telephone exchanges, particularly those for inter-city traffic, were very high. In addition to an earlier order for a computer-controlled exchange for national and international traffic, new contracts were received for the same type of exchanges for inter-city traffic, for installation in Drammen and Skien. The new automatic telephone system for the power station network was placed in operation during the year. This system, marketed under the trade name "Power Network Communications," is an important part of the telephone links utilizing the power network.

Ericsson's ARF crossbar system for local exchanges is widely used throughout the world. This exchange is being installed in Thailand.

In order to coordinate operations in the marine radio field, NERA A/S and A/S Elektrisk Bureau formed a jointly owned company.

The fourth stage in the expansion of the factory at Hisøy was begun.

The first order in Norway for 145 KV cable with cross-linked polyethylene insulation was received during the year. Sales of cable produced by A/S Norsk Kabelfabrik increased and included deliveries to two oil-drilling rigs in the North Sea.

Activities in other fields in Norway developed in a generally satisfactory manner.

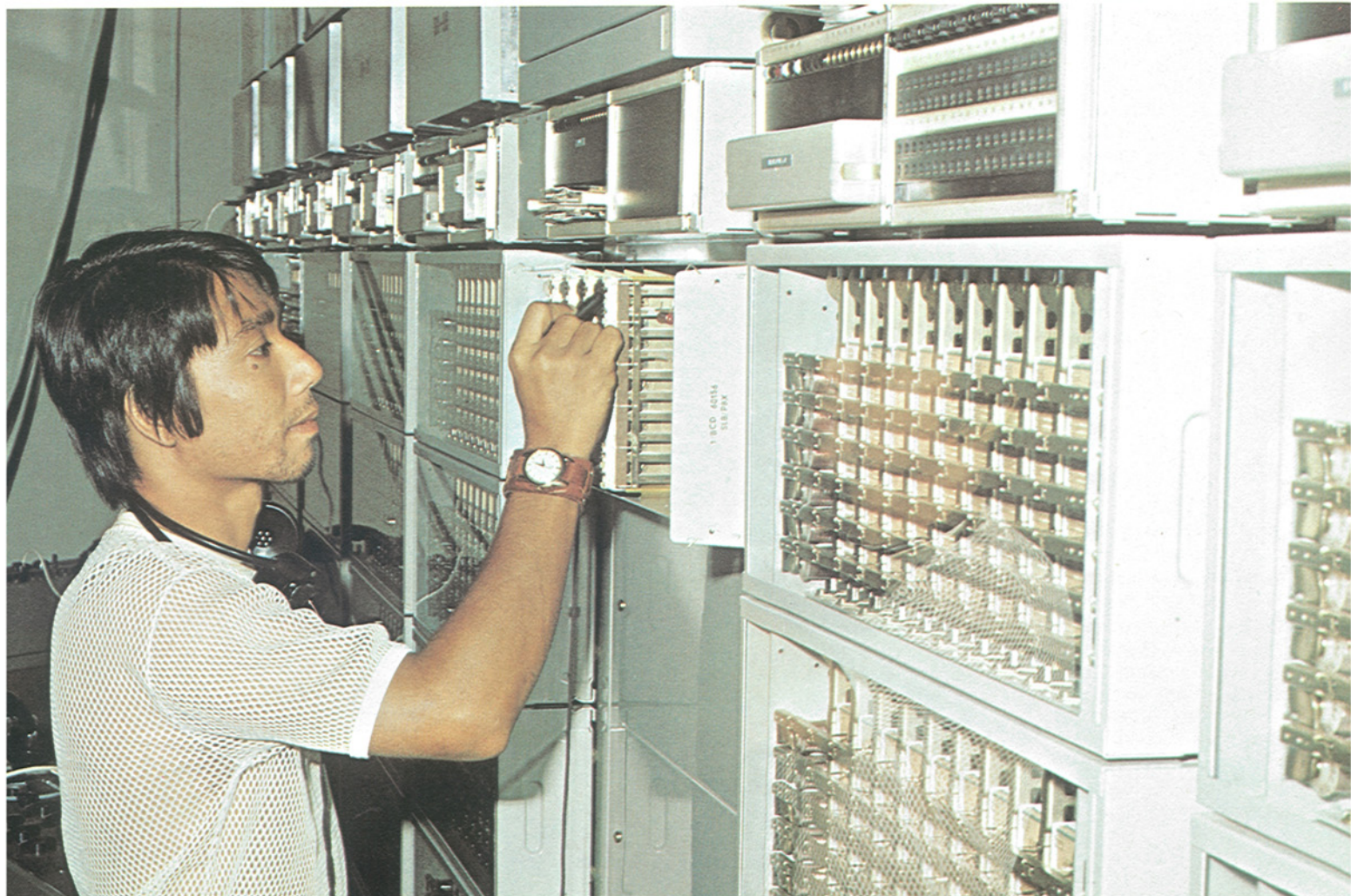
LATIN AMERICA

Order bookings in Latin America rose 4 percent, from \$528.4 million in 1973 to \$551.6 million in 1974.

Excluding orders received in Brazil, which had been unusually high during 1973, Group order bookings in other Latin American markets increased more than 40 percent. At year-end, the order backlog in this region amounted to \$787.3 million, or 30 percent higher than the 1973 year-end backlog.

The distribution of sales in the major markets was as follows:

(\$ Millions)	1974	1973
Brazil	\$174.2	\$ 94.4
Mexico	83.3	62.6
Colombia	31.3	23.4
Argentina	17.7	14.7
Venezuela	15.1	19.1
Other countries	28.6	16.1
	\$350.2	\$230.3



Brazil

Within the framework of the second economic development plan for Brazil, established following the accession of the country's new president, high priority was given to expansion of the telephone network.

Orders booked by Ericsson do Brasil (EDB) covered large contracts for telephone exchanges, primarily from EMBRATEL, the national long distance telephone company, and from companies in São Paulo, Minas Gerais, Ceará and Pará. Orders for telephone instruments were larger than in any previous year, as a result of which the company's production capacity for this product will be fully utilized until 1977. Order bookings for subscriber exchanges and multiplex equipment were also good.

Competition among the international telecommunications companies in Brazil sharpened appreciably as a result of the increasing investments in the country's telephone network.

Exchange equipment equivalent to approximately 350,000 subscriber lines was installed during the year.

Interruptions in the supply of materials resulted in less than full utilization of EDB's production capacity.

Two new plants located near the main factory at São José dos Campos were placed in service during the year and a third plant will be ready for occupancy at Minas Gerais during the current year.

Sielte S.A., the network installation company, expanded its operations by establishing offices at a number of locations throughout the country, and developed favorably.

FICAP, the cable manufacturing company, had sharply higher sales of telephone and power cable. An initial large order for coaxial cable, a new product for the company, was received from EMBRATEL.

Production capacity at FICAP is being expanded, including installation of a rolling mill to produce rolled copper wire.

Mexico

Orders received by Teleindustria Ericsson, S.A. (TIM) for exchange equipment from Teléfonos de México, S.A. were largely unchanged from the preceding year. Orders for transmission equipment from the same customer increased substantially. At the end of the year Teléfonos de México announced a deferment of its investment program due to increased financing costs and the scarcity of capital.

The connection of lines to the large computer-controlled international telephone exchange in San Juan, placed in service earlier, continued during 1974. Subscriber-dialed traffic to the United States, Spain and Brazil was inaugurated and Mexico became the first country in Latin America able to offer subscribers the possibility of direct dialing to Europe with automatic debiting of call charges.

An addition to the factory at Tlalnepantla was placed in operation during the year.

LATICASA, the cable manufacturing company, achieved a sharp increase in sales of telephone cable and wire. Several large orders were also booked in export markets, notably El Salvador. The company requires increased production capacity and plans for the construction of a new cable plant are now being made.

Colombia

The group was successful in competitive bidding for several substantial contracts in Colombia during the year. These included equipment for local exchanges for 70,000 subscriber lines in Bogotá and for 30,000 lines in Barranquilla. Computer-controlled crossbar exchanges were introduced in Latin America through an order from the telephone administration in Bogotá for equipment to serve 10,000 local lines.

Order bookings for subscriber exchanges and other telecommunications products were high.

In view of the continuing growth of the market and the need for increased domestic production, the Group acquired a site in a suburb of Bogotá where a plant and office building will be erected.

FACOMECA, the cable company located in Cali, enjoyed a favorable year with high sales of power cable and installation wire. A decline in sales became apparent towards the end of the year as a result of the downturn in construction activity.

Argentina

Effective in the second quarter of 1974, the Group's telephone operating companies in Argentina were granted tariff increases of slightly more than 30 percent but labor costs rose at a still higher rate. In addition, operations were interrupted by repeated strikes and other difficulties. Despite these problems, the company continued the expansion of its local and interurban service. The number of subscribers at year-end totaled 193,000. Since the local sales company began production operations within recent years, its competitiveness has improved. One of the largest subscriber exchanges in Latin America was placed in service during the year in Buenos Aires.

Demand for telephone and power cable from the government-owned companies declined substantially due to financing problems but the cable company at Quilmes, outside Buenos Aires, succeeded in offsetting this trend to a certain degree through several large export orders.

Venezuela

Large orders for local and trunk exchanges, including an international exchange to be installed in Caracas, were received from the government telephone administration.

Orders booked in the private market, for large subscriber exchanges and other products, were much higher than in the preceding year.

A site was acquired at Valencia, west of Caracas, for the planned construction of a factory.

Other countries

In the other Latin American markets, large contracts were received from the telecommunications authorities in Guatemala, Costa Rica, El Salvador, Ecuador, Panamá, Curuçao and Haiti, among other countries. The orders covered both telephone exchanges and multiplex equipment.

AUSTRALIA, ASIA AND AFRICA

Combined orders in this region increased 35 (68) percent, from \$198 million in 1973 to \$268 million in 1974.

The total order backlog at the close of the year amounted to \$253.7 million (\$190 million), an increase of 34 percent.

The distribution of sales in the respective areas was as follows:

(\$ Millions)	1974	1973
Australia	\$ 67.5	\$ 60.2
Asia (excluding Far East)	32.3	22.3
Far East	51.5	28.4
Africa	39.8	23.6
	\$191.1	\$134.5

Australia

Economic conditions in Australia were characterized by strong inflation, high unemployment and great unrest in the labor

market. The government telephone administration (APO) reduced its orders for the budget year 1975/76 slightly due to prevailing uncertainties. There was a large increase in sales of private subscriber exchanges. Major orders included a contract from the APO for a large exchange to be installed in South Australia's new administrative complex in Adelaide.

The computer-controlled Overseas Telecommunications Commission intercontinental telephone exchange was cut into service at the beginning of 1974. The exchange, located in Sydney, is the largest of its type and is equipped with the new (No. 6) intercontinental signaling system.

Production at LM Ericsson Pty. Ltd. (EPA) was interrupted throughout the year by occasional problems involving the supply of materials and power, caused by strikes within the transport and power industries.

A.E.E. Capacitors Pty. Ltd., the component company, had good sales during the first half of the year. Order bookings during the latter part of the year were affected, adversely however, by increased imports and a general decline in the demand for consumer goods in the electronics industry.

Asia

An agreement was reached with Indonesia's government-owned oil company, PERTAMINA, covering the delivery of substantial amounts of telephone exchange equipment, subscriber exchanges and telephone instruments. The equipment is intended for the oil company's telephone network but will also serve the public network.

A large order was received from the administration in Taiwan for safety signaling equipment, remote control blocking systems

and automatic train control equipment—all intended for the current development of the country's railway network.

Orders for local and trunk exchanges from the telephone administration in Malaysia were at the same level as during the preceding year.

Production at the local Group company, Telecommunication Manufacturers (Malaysia) SDN BHD increased and an addition to the factory is expected to be completed in the middle of the current year.

Order bookings in other markets in Asia and the Far East—notably Iraq, Kuwait, Oman and Saudi Arabia—were good. Contracts included an order for the delivery and installation of a coaxial cable system between Kuwait and Dammam in Saudi Arabia. Substantial orders for telephone cable were received from a number of countries in the area.

Africa

Two new contracts, for exchange equipment equivalent to 80,000 subscriber lines, were signed with the telephone administration in Algeria during the year. Much of the material ordered is intended for the city of Algiers.

Large contracts were also placed by the authorities in Egypt. The orders, which consist largely of equipment for local and trunk exchanges also include transmission material and telex exchanges, as well as components and semifinished parts for the government-owned telephone manufacturing plant.

The Group's French manufacturing subsidiary, STE, succeeded—in stiff competition with other suppliers—in obtaining an order for 17,000 subscriber lines from the telephone administration in Morocco.

Relay sets for automatic telephone exchanges are among the products manufactured in this Ericsson plant in Kuala Lumpur, Malaysia.



U.S.A. AND CANADA

Ericsson Centrum, Inc. (ECI) in the United States, increased its order bookings during 1974, notably through additional contracts for carrier frequency equipment from MCI Communications Corporation. The latter company's network for voice and data communication between more than 20 major cities in the U.S. was placed in service during the year utilizing equipment delivered in prior years by the Group. There was stiffening competition in the market for subscriber exchanges but the company maintained its position well despite some slackening in demand. During the early part of 1975 the company moved its office from the Manhattan section of New York City to Woodbury Industrial Park in nearby Long Island, where the "Ericsson Telecenter" was opened in 1972, thereby achieving a beneficial concentration of its operations.

In Canada, LM Ericsson Limited (LMC) had a successful year with a large increase in sales of subscriber exchanges in the face of stiffer competition from other manufacturers.

PERSONNEL

During 1974 the number of Group employees increased by 7,900, of whom 2,500 were employed in Swedish plants. A large number of new job opportunities were thereby created.

The total number of employees within the Group is shown in the following table.

	December 31	
	1974	1973
Sweden	31,070	28,560
Europe (excluding Sweden)	28,010	26,010
Latin America	13,995	11,135
Other countries	4,245	4,035
	77,320	69,740

Including the telephone operating companies in Argentina, the totals were 80,620 in 1974 and 72,700 in 1973.

Since the company's new plants have largely been located in areas where the authorities in the respective country have determined the need to be urgent in terms of the development of the countries' industry, jobs have been created in communities where a great need for new job opportunities existed. This policy has been followed, for example, in locating new plants in Australia, Brazil, France, Italy and Spain.

Living costs rose sharply in most countries as a result of inflation. This created unrest in the labor market and more days of production were lost for this reason during 1974 than during recent years.

Information and employee participation

Conditions in the personnel field are to a very high degree determined by national laws and agreements. Group companies in the various countries where Ericsson operated are independent in terms of shaping their own personnel policies and must be so, having in mind the different economic and labor market conditions in each country. There is, of course, an exchange of information so that good ideas and experience from various sources can be noted and utilized.

In the industrialized countries, including Sweden, agreements and laws have created increased opportunities for employees to exercise influence in the local company and as regards their own work site. During 1974 the parties in the labor market in Sweden held negotiations relating to expanded information for employees and agreements covering this area were signed early in 1975.

In France, the so-called "company committees" were given increased responsibilities, relating primarily to the work environment in company plants. In Finland, the "action committee for corporate democracy" released a proposal relating to cooperative committees within companies and to changes in labor legislation. Information and employee participation committees were also established in many locations within companies in other countries. In general, there was an expressed trend within companies to create more organizations for employee participation and information.

Intensive debate on the operations of international companies continued within the United Nations and other international organizations. In this connection, it may be noted that the labor unions are seeking to strengthen their international cooperation.

It is in the Ericsson Group's interest that correct information be provided and that increased knowledge of working conditions in various countries be developed. As a step towards this objective, opportunities were created for local union representatives to undertake study trips to the major Group companies, with financial support from the companies.

Company health care programs

The emphasis in company health care programs in recent years has to a certain degree shifted towards "technical health care," notably where the medical aspects of the program have been well developed, as is the case in the Swedish sector of the Group. Interest has also been directed to a greater degree towards such areas as ergonomics, work hygiene, harmful materials, etc.

In Sweden during 1974 legislation was adopted requiring appropriations to a reserve for environmental improvements to be utilized during the 1975-1980 period.

A health care department was established in the Venezuelan company in the beginning of 1974. In Spain, INTELISA established two health care and worker protection committees in the factories in Madrid and La Coruña.

In Finland, a new law relating to supervision of worker protection came into effect, as a result of which committees were formed within the companies to plan worker protection measures.

Regular medical check-ups of employees were carried out at many locations.

Training

Ericsson's internal training activities are substantial in scope and constitute one of the basic prerequisites for the Group's success. Training during the past year was directed primarily towards the specific needs for technical knowledge and work skills at the job site, but substantial support was also allocated in the form of grants and contributions for studies of other subjects.

In France, a total of more than 12,000 "student weeks" of training were conducted in the company's various units.

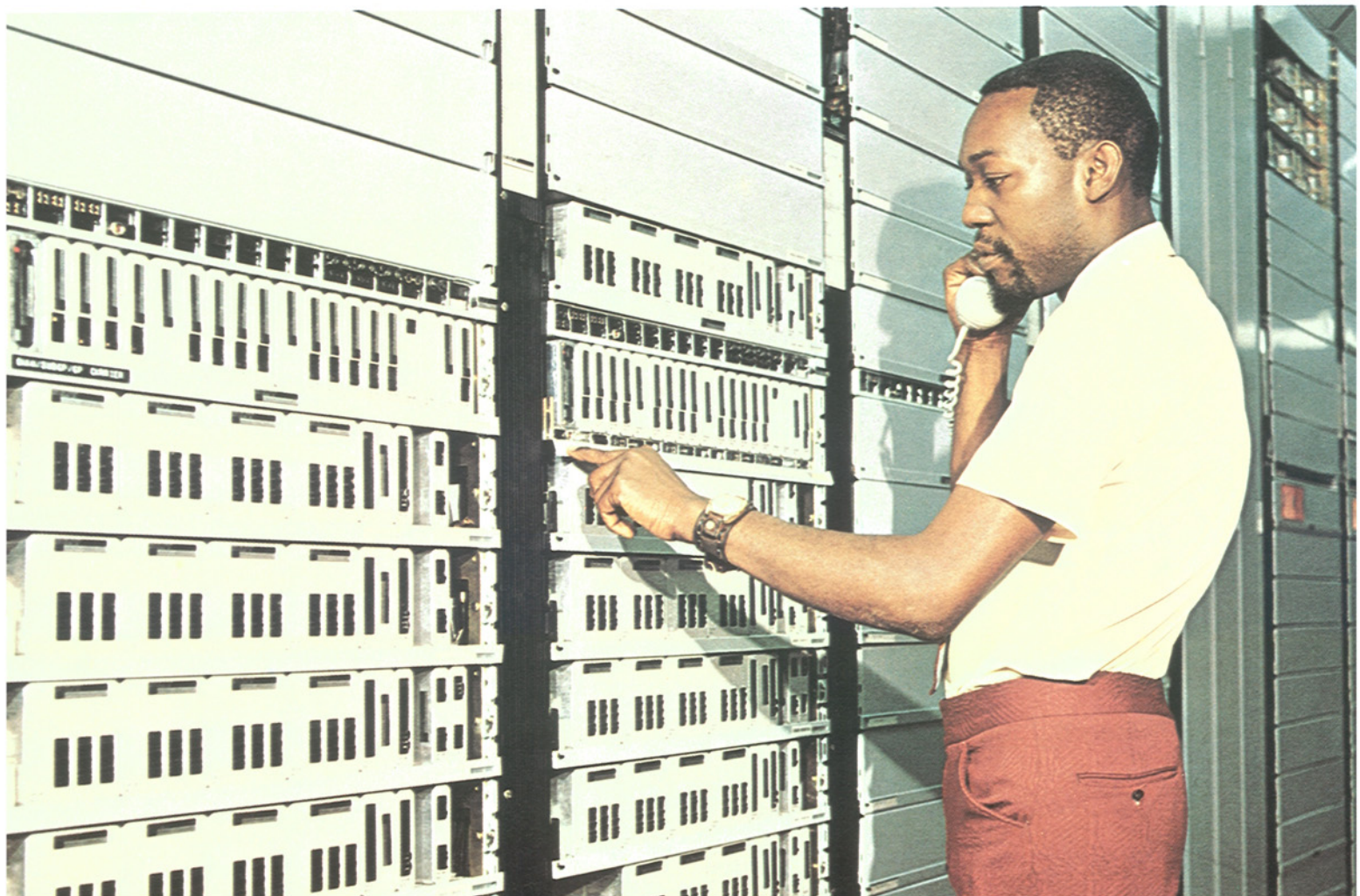
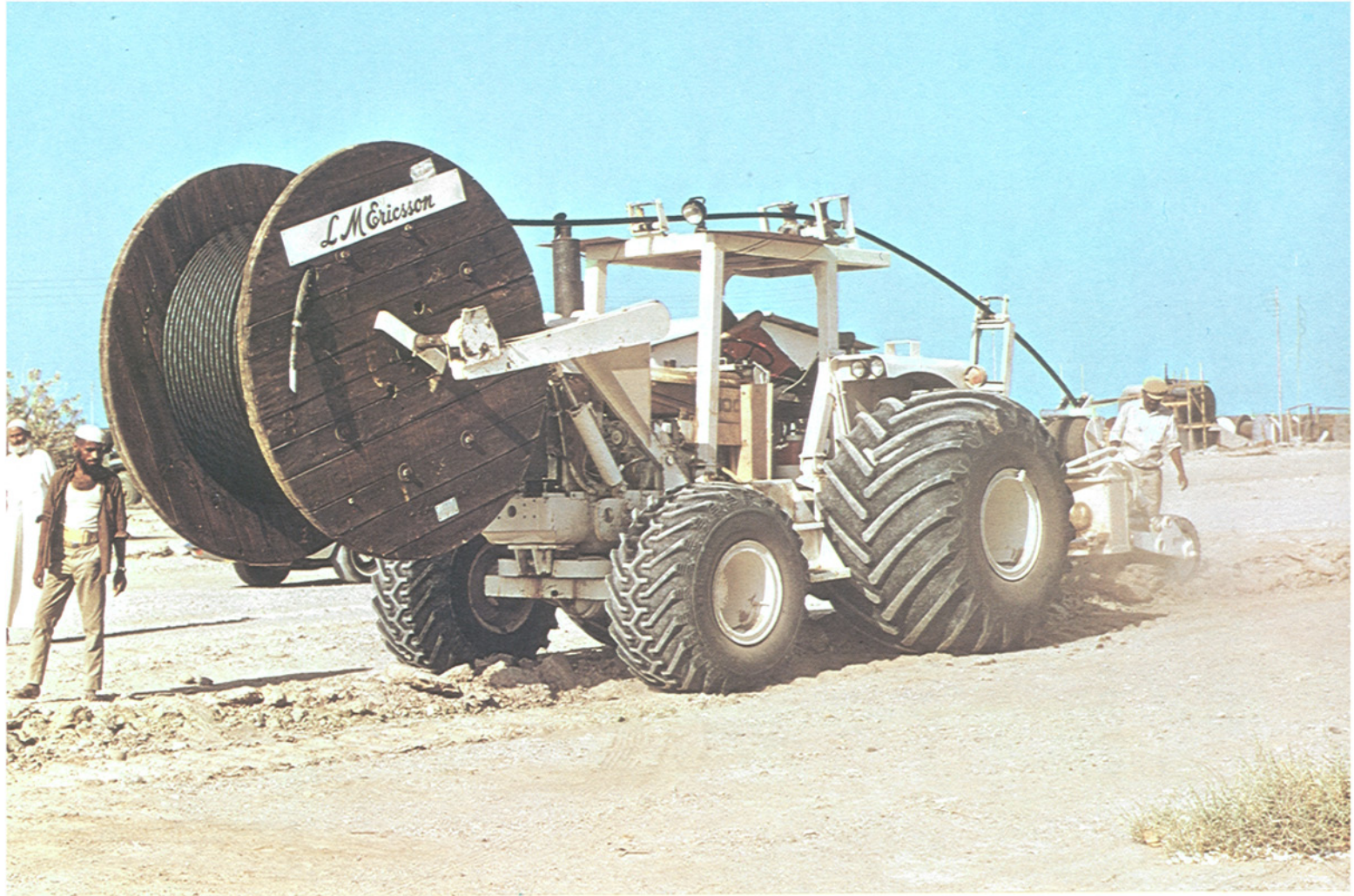
In Brazil, a new training center covering approximately 40,000 square feet of floor space was inaugurated during the year.

In México, the number of students and "student hours" of training increased at the "CELE" training center.

In Colombia and Venezuela, approximately 300 and 400 students, respectively, participated in various technical courses.

Cable being laid in Oman, where Ericsson has received orders totaling more than \$25 million for construction of a complete telephone network.

Testing of transmission equipment in the MCI Communications Corporation's network for data and voice transmission in the United States, for which Ericsson has supplied substantial equipment.



In addition to the continuous and comprehensive training in technical fields, special attention was given during the year to language training and leadership development. The program for language instruction was expanded during the year to cover Group companies outside Sweden and was facilitated through special study materials produced in cooperation with Oxford University Press.

Training in corporate economics, for members of the Works Councils in the Swedish sector of the Group, began during 1974, along with special programs for members of the Boards of Directors in the Swedish companies who serve as employee representatives. In the Dutch company, members of the Works Councils participated in three days of training with the assistance of company experts in various fields.

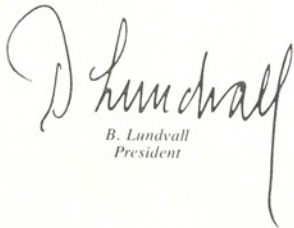
Funds

Substantial disbursements continued to be made from the special funds and assistance programs designed to aid needy persons in cases of illness. Contributions from the "Dr. Marcus Wallenberg Fund" provided valuable assistance to retired employees who faced problems of various types.

Labor conditions within most of the Group companies were made difficult during 1974 as a result of high inflation and occasionally very severe problems related to the supply of materials for the factories. In addition, there was a rapid change in economic conditions in many places, together with sharply increased uncertainty regarding the investment programs of governmental customers.

These circumstances imposed demands on the Group's ability to adjust operations to new situations and to solve acute problems. As a result of the close cooperation among the Group's various companies, and the loyalty of their employees, it was possible to overcome many problems. This is noted with gratitude and satisfaction. The will and desire to seek to cooperate for the common good is a major asset of the Ericsson Group.

Stockholm, April, 1975



B. Lundvall
President

Rest area in one of Ericsson's plants in Sweden.

Immigrant workers learn Swedish during working hours.



THE ERICSSON GROUP with associated companies* and representatives

	SWEDEN	EUROPE (excluding Sweden)	
SALES COMPANIES WITH MANUFACTURING	<p>Stockholm Telefonaktiebolaget LM Ericsson AB Rifa Sieverts Kabelverk AB Svenska Radio AB AB Transvertex Kabmatik AB</p> <p>Nyköping Thorsman & Co AB</p> <p>Kungsbacka *Bofa Kabel AB</p> <p>Alingsås *Kabeldon AB</p> <p>Malmö *Bjurhagens Fabrikers AB</p> <p>Norrköping *AB Norrköpings Kabelfabrik</p>	<p>DENMARK Copenhagen Dansk Signal Industri A/S *GNT AUTOMATIC A/S</p> <p>FINLAND Jorvas Oy LM Ericsson Ab</p> <p>FRANCE Boulogne sur Mer RIFA S.A.</p> <p>Paris Société Française des Téléphones Ericsson</p> <p>IRELAND Dublin LM Ericsson Ltd.</p> <p>ITALY Rome FATME Soc. per Az.</p>	<p>THE NETHERLANDS Rijen Ericsson Telefoonmaatschappij B.V.</p> <p>NORWAY Drammen *A/S Norsk Kabelfabrik</p> <p>Oslo *A/S Elektrisk Bureau</p> <p>SPAIN Madrid Industrias de Telecomunicación S.A. (Intelsa) LM Ericsson S.A.</p> <p>UNITED KINGDOM London *Thorn-Ericsson Telecommunications (Mfg) Ltd.</p>
SALES AND INSTALLATION COMPANIES	<p>Stockholm LM Ericsson Telemateriel AB *Svenska Elgrossist AB SELGA *Holm & Ericsons Elektriska AB *Mellansvenska Elektriska AB *SELGA Mellansverige AB</p> <p>Gothenburg *SELGA Västsverige AB</p> <p>Malmö *SELGA Sydsverige AB</p> <p>Norrköping *SELGA Östsverige AB</p> <p>Sundsvall *SELGA Norrland AB</p> <p>Uddevalla *Wamebolaget AB</p>	<p>DENMARK Copenhagen LM Ericsson A/S</p> <p>FRANCE Paris Thorsmans S.A.R.L.</p> <p>Marseille Etablissements Ferrer-Auran S.A.</p> <p>IRELAND Dublin Thorsman Ireland Ltd.</p> <p>ITALY Rome SIELTE Soc. per Az.</p> <p>NORWAY Oslo SRA Radio A/S *A/S Telesystemer *A/S United Marine Electronics</p> <p>PORTUGAL Lisbon Sociedade Ericsson de Portugal Lda</p>	<p>SWITZERLAND Zurich Ericsson AG</p> <p>UNITED KINGDOM Horsham *Thorn-Ericsson Telecommunications (Sales) Ltd. Swedish Ericsson Rentals Ltd.</p> <p>London *United Marine Leasing Ltd. *United Marine Electronics (UK) Ltd.</p> <p>WEST GERMANY Hamburg *UME Marine Nachrichtentechnik GmbH</p> <p>Hanover Ericsson Centrum GmbH</p> <p>Lüdenscheid Thorsman & Co GmbH</p>
REPRESENTATIVES		Austria, Belgium, Greece, Iceland, Luxemburg, Yugoslavia	
OTHER COMPANIES	<p>Stockholm ELLEMTTEL Utvecklings AB</p>	<p>FRANCE Lannione *Société Lannionnais d'Electronique SLE-CITEREL</p> <p>ITALY Rome SETEMER Soc. per Az.</p>	<p>UNITED KINGDOM Horsham Swedish Ericsson Company Ltd.</p> <p>London *Thorn-Ericsson Telecommunications Ltd</p>
TECHNICAL OFFICES		<p>POLAND Warsaw Telefonaktiebolaget LM Ericsson</p>	

FIN AMERICA		AFRICA AUSTRALIA ASIA OCEANIA		USA CANADA
<p>ARGENTINA Buenos Aires Ericsson S.A.C.I. Fabricas Eléctricas de Quilmes</p> <p>BRAZIL Paulo Ericsson do Brasil Comércio e Indústria S.A. Rio de Janeiro Cabos Plásticos do Brasil</p> <p>José dos Campos Componentes Comércio e Indústria S.A.</p>	<p>COLOMBIA Bogotá Ericsson de Colombia S.A. Cali Fábricas Colombianas de Materiales Eléctricos Facomec S.A.</p> <p>MEXICO Mexico D.F. Teleindustria Ericsson S.A. Latinoamericana de Cables S.A. de C.V.</p> <p>VENEZUELA Caracas Cía Anónima Ericsson</p>	<p>AUSTRALIA Melbourne LM Ericsson Pty. Ltd. A.E.E. Capacitors Pty. Ltd. Sydney *Conqueror Cables Ltd.</p> <p>MALAYSIA Shah Alam Telecommunication Manufacturers (Malaysia) SDN BHD</p>		
<p>BRAZIL Paulo Ericsson S.A., Instalações Eléctricas e Telefónicas PLAN, Projetos e Planejamento de Telecomunicações S.A.</p> <p>CHILE Santiago Ericsson de Chile S.A.</p> <p>COSTA RICA San José Ericsson C.A.</p> <p>CUBA Havana Ericsson S.A. Montaje, S.A. de C.V.</p>	<p>PANAMA Panama City Telequipos S.A.</p> <p>PERU Lima Cía Ericsson S.A.</p> <p>URUGUAY Montevideo Cía Ericsson S.A.</p>	<p>INDIA Calcutta Ericsson India Limited</p> <p>INDONESIA Jakarta Ericsson Telephone Sales Corp. AB**</p> <p>LEBANON Beirut Société Libanaise des Téléphones Ericsson</p> <p>MOROCCO Casablanca *Société Marocaine des Téléphones et Télécommunications Associée au Groupe Ericsson "SOTELEC"</p>	<p>THAILAND Bangkok Ericsson Telephone Corp. Far East AB**</p> <p>TURKEY Ankara Ericsson Türk Ticaret Ltd. Şirketi</p> <p>ZAMBIA Lusaka Ericsson (Zambia) Limited Telefonaktiebolaget LM Ericsson Installation Branch</p>	<p>UNITED STATES New York, N.Y. Ericsson Centrum, Inc.</p> <p>CANADA Montreal LM Ericsson Ltd.</p>
<p>Costa Rica, Dominican Republic, Guadeloupe, Guatemala, Haiti, Honduras, Netherlands Antilles, Nicaragua, Panama, Paraguay, El Salvador, Surinam, Trinidad and Tobago</p>		<p>Angola, United Arab Emirates, Bahrain, Bangladesh, Burma, New Caledonia, Cambodia, Cameroon, Central African Republic, Chad, People's Republic of the Congo, Cyprus, Dahomey, Ethiopia, Gabon, Hong Kong, Iran, Iraq, Ivory Coast, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libya, Macao, Malagasy, Malawi, Mali, Malta, Martinique, Mauretania, Mozambique, Namibia, Nepal, New Zealand, Niger, Nigeria, Oman, Pakistan, Philippines, Qatar, Réunion, Saudi Arabia, Senegal, Singapore, Republic of South Africa, Sri Lanka, Sudan, Syria, Tahiti, Taiwan, Tanzania, Togo, Tunisia, Uganda, Republic of Vietnam, Upper Volta, Zaïre</p>		
<p>ARGENTINA Buenos Aires Argentina de Teléfonos S.A. Uruguayana de Teléfonos S.A.</p>		<p>AUSTRALIA Melbourne Teleric Pty. Ltd.</p>		<p>UNITED STATES New York, N.Y. The Ericsson Corporation</p>
<p>COSTA RICA San José Telefonaktiebolaget LM Ericsson</p> <p>EL SALVADOR San Salvador Telefonaktiebolaget LM Ericsson</p> <p>GUATEMALA Guatemala City Telefonaktiebolaget LM Ericsson</p>	<p>HAITI Port-au-Prince Telefonaktiebolaget LM Ericsson</p> <p>PANAMA Panama City Telefonaktiebolaget LM Ericsson</p>	<p>ALGERIA Algiers Telefonaktiebolaget LM Ericsson</p> <p>EGYPT Cairo Telefonaktiebolaget LM Ericsson</p> <p>IRAN Teheran Ericsson Telephone Sales Corporation AB</p> <p>IRAQ Baghdad Telefonaktiebolaget LM Ericsson</p>	<p>KUWAIT Kuwait Telefonaktiebolaget LM Ericsson</p> <p>OMAN Muscat Telefonaktiebolaget LM Ericsson</p> <p>TUNISIA Tunis Telefonaktiebolaget LM Ericsson</p>	

** Branch office

PUBLIC TELEPHONE EXCHANGES

Ericsson is among the world leaders in the field of automatic telephone exchanges for public networks. The Company's systems are used for local, trunk and international traffic in many parts of the world. Its first automatic exchanges, based on the so-called 500-line selector, have demonstrated their operating reliability over a half-century of continuous service.

Ericsson's crossbar system, first manufactured in the early 1950s, has been approved as standard equipment in many countries and has proved to be one of the most economical and reliable systems developed within the field of telecommunications. Ericsson crossbar systems—old as well as new ones—can now be equipped with a special computer-control system.

The latest generation of Ericsson exchanges uses specially developed computer techniques that permit great flexibility in meeting present and future subscriber requirements. Ericsson is one of the few manufacturers that has installed computer-controlled exchanges to handle both local traffic (1938) and national and international trunk traffic (1971). A substantial number of Ericsson computer-controlled exchanges have been installed or are on order in nine countries.

TRANSMISSION EQUIPMENT

Ericsson holds an advanced position in the field of telecommunications transmission. The most important product areas are terminal equipment for conventional carrier frequency systems and PCM (Pulse Code Modulation) systems and amplifiers for coaxial cable and radio link systems.

CABLE

Through Sieverts Kabelverk AB—a major subsidiary—and the Cable Division of the Parent Company, the Ericsson Group is the largest supplier of cable in Northern Europe. In addition to many types of telephone cables, the product line includes power cables for high and low voltages, installation and connecting wires and cable accessories. The Cable Division has developed a completely new production technique, "Cross-stranding", that has attracted international interest.

SUBSCRIBER EQUIPMENT

Ericsson manufactures two basic types of private telephone exchanges. One is the so-called PABX exchange which serves as the connecting link between the public network and the subscribers' instruments—and between the latter. This type is used in offices, institutions, commercial establishments, etc. The second basic type—PAX—is used for "internal" telephone systems that are not connected to the public network.

Ericsson's subscriber exchanges cover a wide range of requirements and can serve a few lines or up to 9,000 connections.

The Group also manufactures special telephone systems for schools, hotels and railways, conference systems, entrance telephone systems and secretarial monitoring systems, among others.

TELEPHONE INSTRUMENTS

The world's first desk telephone instrument, introduced in 1892, was an Ericsson development. Since that time a number of pioneering instrument designs have helped to make Sweden known as a "telephone country."

Ericsson manufactures various types of instruments and loudspeaking telephones, as well as a number of other types of instruments for special purposes. Ericsson's version of the picture telephone is currently being field-tested in Sweden.

NETWORK

Network products include cable cabinets, terminal boxes, protector equipment, jointing materials and special purpose tools

and machines. Activities also include the planning of networks through the use of advanced computer programs and the implementation of network projects.

DATA COMMUNICATIONS

The Parent Company's Data Communications Department markets systems for routing and transmission of telex and data traffic. The most recent switching exchanges developed in this field are fully electronic and computer-controlled.

INTERCOM SYSTEMS

A subsidiary, LM Ericsson Telemateriel AB, is one of the world's largest suppliers of loudspeaking intercom systems for from five to 5,000 extensions. Personal paging systems, time recording devices and various types of security systems are also marketed.

DEFENSE ELECTRONICS

Ericsson plays an important role in the development of specialized electronic systems for military defense purposes. The MI Division of the Parent Company develops and manufactures radar, laser and infrared systems as well as automatic radar data extractors. The Svenska Radio AB subsidiary, also develops and produces electronic equipment for space and aeronautical purposes.

RAILWAY AND STREET SIGNALING

The MI Division develops Centralized Traffic Control (CTC) and Automatic Train Control (ATC) systems, marshaling yard equipment, automatic and manual block systems, interlocking plants and train describer systems. Highway and street traffic systems are also developed—from the simplest devices for street intersections to the most complicated systems for traffic control in entire sections of a city.

RADIO COMMUNICATIONS

Svenska Radio AB and other Group companies develop a broad range of radio communications systems and equipment. This includes mobile radio equipment for various civilian and defense purposes, marine radio equipment, etc.

COMPONENTS

Substantial development and production of electronic components occurs within the Ericsson Group, primarily through the AB RIFA subsidiary, Scandinavia's largest manufacturer in this field.

POWER SUPPLY EQUIPMENT

The Power Supply Department of the Parent Company develops and designs such units as rectifiers and converters used in modern telecommunications equipment.

OTHER PRODUCTS

Other Group products include cryptography equipment and similar devices linked with telecommunications.

The new ERICOVOX DBE 200 loudspeaking telephone will be marketed initially during the latter part of 1975.

Svenska Radio AB developed this pocket receiver for the ERICALL Contactor personal paging system, marketed in Sweden by LM Ericsson Telemateriel AB.



