



ERICSSON TELEPHONE COMPANY
1979 ANNUAL REPORT 104th YEAR OF OPERATIONS

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Dr. h.c.

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Space Communications
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Legal Affairs
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Personnel
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Vice Presidents

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LM Ericsson Telephone Company

Annual Report and Year's Review 1979

Headquarters

Telefonaktiebolaget LM Ericsson
Telefonplan, S-126 25 Stockholm, Sweden
Telephone: 08/719 00 00

Stock listed on

Stockholm Exchange A and B shares
Amsterdam, Düsseldorf, Frankfurt B shares
am Main, Geneva, Hamburg,
London, Oslo and Paris Exchanges

Reference banks for shareholders residing outside Sweden

France:
Crédit Lyonnais
Banque Nationale de Paris
Banque de Neuflyze, Schlumberger, Mallet
Banque de Paris & des Pays-Bas

The Netherlands:
Pierson, Heldring & Pierson N.V.

Switzerland:
Pictet & Cie, Swiss Bank Corporation and
Union Bank of Switzerland

United Kingdom:
S.G. Warburg & Co. Ltd.

U.S.A.:
Citibank, N.A.

West Germany:
Deutsche Bank AG and Westdeutsche
Landesbank Girozentrale

Annual General Meeting

The Annual General Meeting will be held at the Stockholm Fair, Mässvägen 1, Älvsjö at 4.00 p.m. Thursday, June 5, 1980.

Shareholders intending to participate in the Annual General Meeting must be entered as shareholders in the share register kept by Värdepapperscentralen VPC AB (Securities Register Centre) not later than May 23, 1980. Shareholders whose shares are registered in the name of an agent must reregister the shares temporarily in their own names in order to participate in the meeting.

In addition to the above-mentioned requirements, shareholders shall give notice of attendance to the Headquarters of the Company between 10.00 a.m. and 4.00 p.m. daily, not later than Monday, June 2, 1980 at 4.00 p.m.

Dividend

The Board of Directors has proposed June 9, 1980 as the record day for payment of dividends. Provided this proposal is approved, the dividend is expected to be paid by Värdepapperscentralen VPC AB on June 16, 1980.

Dividends on shares for which certificates have been issued under the former system will not be paid until the exchange of certificates and the entry in the share register kept by Värdepapperscentralen VPC AB have been made.

Shareholders who have changed their names or mailing addresses should as soon as possible notify Värdepapperscentralen VPC AB, Box 7444, S-103 91 Stockholm, Sweden.

Plant tour for stockholders

Before attending the Annual Meeting, stockholders are invited to visit LM Ericsson's electronics plant in Älvsjö where, among other operations, final testing of assembled AXE exchange systems takes place. The Älvsjö plant, located at Sjötenovembervägen 194, is within walking distance of both the Älvsjö railway station and the Stockholm Fair Building. Bus 171 covers the Älvsjö station—Älvsjö plant route and transportation will be arranged from the plant to the Annual Meeting, beginning at 3.30 p.m. The plant tour will begin at 2.15 p.m.

After June 1, stockholders are also invited to visit the current exhibition of the Group's products in the Exhibition Hall at Group Headquarters at Telefonplan. Visits, which can be made at the stockholders' convenience, may be arranged by calling 08/719 29 70 or 08/719 48 00.

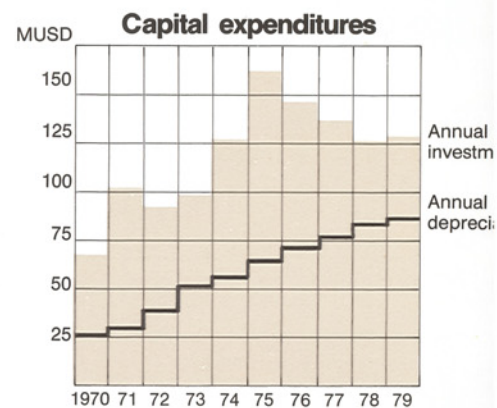
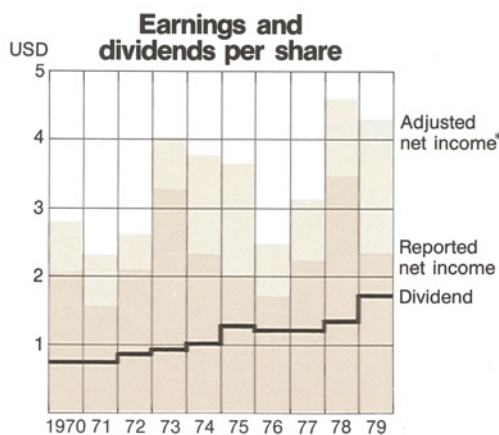
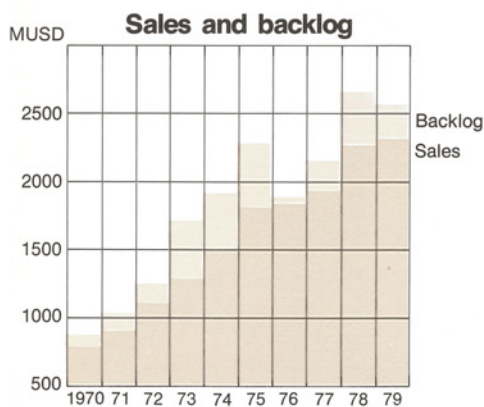
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The Ericsson Group 10-year financial summary

As reported in the annual reports for the respective years



Dollar amounts in millions except per share figures

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970
Income data										
Net sales	2,242.5	2,168.5	1,882.8	1,757.6	1,740.3	1,439.3	1,253.0	1,032.2	903.6	759.5
Income before share in net income of unconsolidated subsidiaries and associated companies, special adjustments and taxes	158.7	157.4	125.0	97.3	161.7	181.1	204.9	129.1	**	**
Percent of sales	7.1	7.3	6.6	5.5	9.3	12.6	16.4	12.5		
Income before special adjustments and taxes	188.9	173.4	132.9	97.7	175.8	196.6	212.4	130.0	114.6	119.9
Depreciation	82.8	79.0	72.9	69.6	63.2	54.5	48.3	39.0	30.8	26.3
Special adjustments	96.8	43.2	20.6	26.7	75.4	85.1	41.2	22.9	38.6	34.1
Swedish and foreign income taxes	34.5	46.8	53.1	33.7	51.8	60.4	83.9	49.8	34.8	39.5
Reported net income	47.7	72.2	46.3	34.9	40.8	47.4	67.3	43.3	31.8	42.1
Per share	2.19	3.32	2.13	1.60	1.87	2.18	3.09	1.99	1.46	1.93
Adjusted net income*										
per share	4.12	4.41	2.97	2.34	3.42	3.59	3.82	2.43	2.19	2.68
Dividend	36.7	28.8	26.2	26.2	26.8	22.2	20.3	18.5	16.3	16.3
Per share	1.68	1.32	1.20	1.20	1.23	1.02	0.93	0.85	0.75	0.75
(1979, proposed)										

All per share figures reflect the stock dividend in 1973 as well as the stock dividend and new issue in 1976.

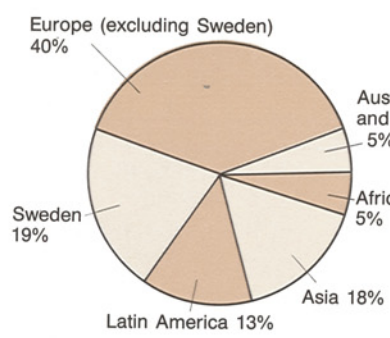
The United States dollar amounts shown in the above summary represent translations from Swedish kronor at the parity exchange rate at December 31, 1979, of SEK 4.16 to USD 1.00.

* 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.

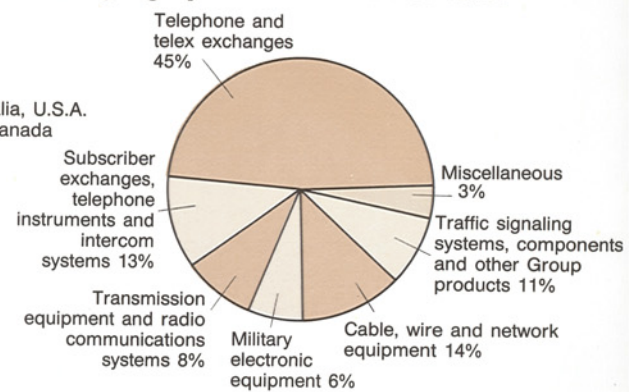
** The equity method of accounting was introduced from and including 1972.



Group sales by products



Overall geographic distribution of sales



Dollar amounts in millions except per share figures

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970
Balance sheet data (year-end)										
Net working capital	1,248.9	1,139.6	1,049.5	969.1	1,050.9	824.0	791.0	682.8	517.6	441.4
Ratio of current assets to current liabilities	2.3:1	2.1:1	2.1:1	2.2:1	2.1:1	2.0:1	2.1:1	2.3:1	2.3:1	2.2:1
Net property, plant and equipment	442.3	478.2	503.6	484.3	437.9	370.6	324.4	259.4	238.6	188.4
Long-term debt	631.0	629.7	595.6	591.5	660.1	438.9	428.0	393.1	265.2	182.8
Minority interest	94.4	98.2	92.4	83.2	98.6	96.8	106.2	86.6	58.4	38.8
Stockholders' equity	708.5	689.6	643.6	623.5	509.9	491.3	461.5	377.4	348.2	332.6
Other data (year-end)										
Capital expenditure for property, plant and equipment	122.1	120.4	131.7	140.9	157.9	120.7	94.0	89.2	96.6	65.6
Backlog of orders	2,439.1	2,544.7	2,058.9	1,808.2	2,202.4	1,851.2	1,633.4	1,171.9	985.3	868.0
Number of employees	59,500	65,100	66,400	71,100	84,100	80,600	75,600	70,600	66,900	61,900
Number of shares outstanding	21,788,498	21,788,498	21,788,498	21,788,498	15,380,117	15,380,117	15,380,117	12,304,094	12,304,094	12,304,094

Annual Report of the Board of Directors

The world economy was characterized in 1979 by the effects of the sharp increases in oil prices, which caused rising inflation.

Credit restrictions and increases in interest rates were utilized in many countries to combat inflation, and this dampened the willingness and capacity to make new investments.

The increasing proportion of oil funds in the flow of world trade payments resulted in sharp redistributions between areas with foreign currency surpluses and those with deficits, thereby causing dislocations in trade balances. Many non-oil-producing countries, Sweden among them, financed their foreign payments deficits to a large degree through increased borrowing.

For many developing countries the growing burden of debt constitutes an increasingly greater problem. A very substantial portion of the third world's export revenue is used to amortize and pay interest on foreign debt. As a result of this continuing trend, the foreign currency available in these countries to finance imports of goods for investment projects is decreasing.

For many countries, the efforts to increase exports in an attempt to restore their balance of payments with other nations became one of the most important instruments of economic policy.

The world economy is thus highly unstable and each crisis—political or economic—may have serious consequences.

The annual total growth in the global telecommunications network (excluding North America, where the

Group's deliveries for the public network have traditionally been small) was about 9 percent up until 1974. Beginning in 1975, the growth rate dipped below 7 percent and has later on been slightly above 6 percent. Despite this leveling off, there is good expansion in the volume of business in telecommunications, compared with other areas of activity.

Orders booked by the Ericsson Group declined slightly more than 6 percent in 1979. However, this must be viewed against the background of the unusually large increase of 40 percent between 1977 and 1978. The average annual increase during the three-year period 1977—1979 was 15 percent.

Since 1975, deliveries of telephone exchanges based on Ericsson systems have increased more rapidly than the growth of the total market. The Group has thus increased its share of the market.

The rate of increase in 1979 was strongest in the Latin American market, where the Group's AXE telephone exchange system scored major successes. The first AXE exchange in Latin America was placed in service in Venezuela during the year.

In other product areas, a large increase was registered for radar equipment.

The Group's newly developed electronic subscriber exchanges were launched on a large scale during 1979, with substantial success. The Group has been relatively late in introducing exchanges of this type but can now do so with technology and products that are well adapted to the demands of modern offices.

The Ericsson Group holds a position of technical leadership in a number of product areas such as telephone and telex exchanges, radar technology and high-voltage cable. However, as a result of the "export more" policy that is being pursued intentionally by many governments, credits in various forms have become an increasingly important tool of competition. To prevent the undue use of credit and payment terms, all but two of the OECD countries reached an agreement—the consensus agreement of 1976—on common guidelines for export credits. It is the Company's hope that adherence to these regulations will be better than is now the case. The competition in financing indicates, however, that the opportunities for Swedish companies to assist with customer financing should be broadened.

The severe international competition also meant that prices of most of the products in the programs of the Group's Swedish companies could not be raised sufficiently to offset the higher costs. A number of Group companies outside Sweden operate to a large extent under fixed long-term price agreements and therefore have had limited room for price increases.

Group operating results in brief

Millions of USD except per share figures

	1979	1978	1977
Order bookings	2,379.1	2,543.4	1,801.0
Order backlog	2,439.1	2,320.2	1,774.0
Sales	2,242.5	1,952.7	1,604.4
Income before share in net income of unconsolidated subsidiaries and associated companies, special adjustments and taxes	158.7	122.8	90.4
Percent of sales	7.1	6.3	5.6
Income before special adjustments and taxes	188.9	167.7	112.3
Adjusted net income	89.9	96.2	64.8
Per share	4.12	4.41	2.97

Note: Unless otherwise indicated, comparative figures in the Annual Report have been restated to reflect that Ericsson do Brasil Comércio e Indústria S.A. is included in the accounts, effective in 1979, as an associated company in accordance with the equity method of accounting.



HRH Juan Carlos I, King of Spain, visited LM Ericsson in October. During his visit, he spoke with HRH Carl XVI Gustaf, King of Sweden, via an AXE telephone exchange.

Despite the severe competition, there are opportunities to improve profitability through the potential for cost reductions of products introduced in recent years. With increased production volume and further rationalization of production technology, it should be possible to realize this potential.

Order bookings

The distribution of orders by major product groups was as follows:

Millions of USD	1979	1978	1977
Telephone and telex exchanges	1,004.5	1,277.2	816.0
Subscriber exchanges, telephone instruments and intercom systems	342.5	303.4	214.5
Transmission equipment and radio communications systems	216.7	200.7	113.5
Military electronic equipment	175.0	127.3	122.2
Cable, wire and network equipment	285.2	331.9	278.5
Traffic signaling systems, components and other Group products	273.3	242.6	207.4
Miscellaneous	81.9	60.3	48.9
Total	2,379.1	2,543.4	1,801.0

In August, Ericsson—in association with Philips—received an extension contract for Saudi Arabia valued at 2.7 billion Saudi riyals, approximately one-third the amount of the original contract. Most of the expansion involves local civil works but substantial deliveries of material are included.

Ericsson's AXE telephone exchange system is now well established. At year-end 1979 orders had been received for 218 exchanges, with a capacity of 2.1 million lines, in 21 countries:

Argentina	France	Panama
Australia	Italy	Saudi Arabia
Bahrain	Kuwait	Spain
Brazil	Malaysia	Sweden
Colombia	Mexico	United Arab Emirates
Denmark	The Netherlands	Venezuela
Finland	Norway	Yugoslavia

The following countries have chosen AXE for telex exchanges or data networks:

Australia	Norway	Spain
Denmark	Panama	Sweden
Finland	Soviet Union	Yugoslavia

Calculated in terms of line capacity, nearly half of the Group's order intake in 1979 involved telephone exchanges with computer-controlled systems.

The new ASB series of electronic subscriber exchanges is now being marketed on a large scale and ac-

counted for 40 percent of the Parent Company's order bookings for subscriber exchanges.

The sharp increase in order intake for military electronic equipment pertains primarily to contracts for the Swedish Armed Forces. Export orders for radar equipment rose substantially.

Increased demands for safety in rail traffic systems resulted in strong order bookings for automatic control systems for trains.

Order bookings were distributed geographically as follows:

Millions of USD	1979	1978	1977
Sweden	498.2	424.2	345.7
Europe, excluding Sweden	934.1	915.3	737.2
Latin America	452.0	308.0	322.6
Asia	306.1	652.8	144.3
Africa	51.0	118.9	158.4
Australia, U.S.A., Canada	137.7	124.2	92.8
Total	2,379.1	2,543.4	1,801.0

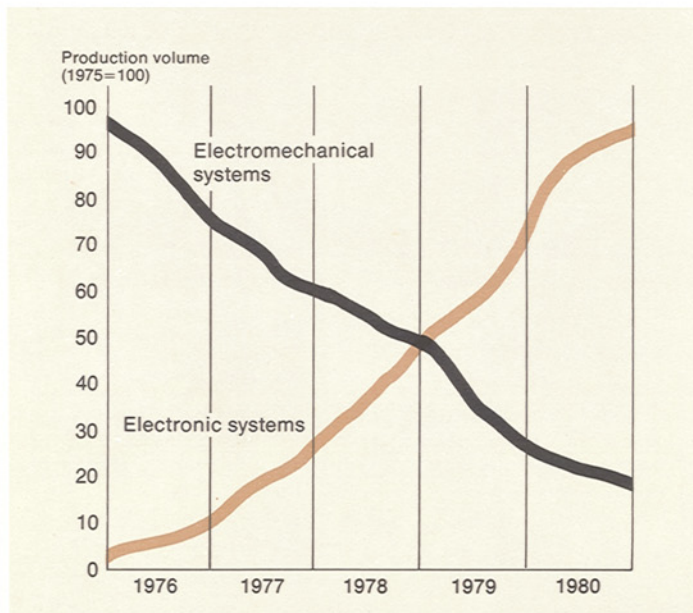
A report on developments in the various markets appears in the Year's Review.

Production

Deliveries from Group factories were at about the same level as in the preceding year. Utilization of capacity was high in the plants in Australia, Mexico and The Netherlands while the other manufacturing companies continued to have excess capacity.

The conversion from the manufacture of electromechanical to electronic systems continued. At year-end 14 of the Parent Company's 22 production units in Sweden were engaged, wholly or partially, in electronics manufacturing. All of the large manufacturing subsidiaries outside Sweden, and a number of the smaller ones, had electronic products in their production programs.

The trends of electronic exchanges and crossbar systems, as percentages of the Parent Company's manufacturing during the period 1976–1980 are shown in the diagram below, which illustrates the rapid change.



Deliveries of the new electronic products rose sharply. Since their manufacture requires less labor than the manufacture of comparable products in electromechanical design, the total number of persons employed in production declined slightly, as shown in the following summary.

	1979	1978
Sweden: Parent Company	10,470	10,590
Other companies	2,480	2,720
	12,950	13,310
Europe, excluding Sweden	5,790	5,870
Latin America	2,010	1,890
Other countries	1,540	1,390
Total	22,290	22,460

The increase shown for "Other countries" relates to Australia.

At year-end, the distribution of production space within the Group, calculated in square meters, was as follows:

	1979	1978
Sweden: Parent Company	545,000	550,000
Other companies	290,000	270,000
	835,000	820,000
Europe, excluding Sweden	225,000	215,000
Latin America	100,000	95,000
Other countries	60,000	46,000
Total	1,220,000	1,176,000

SRA Communications AB and AB Rifa expanded their plants in Sweden. Newly constructed facilities were placed in service in The Netherlands, Colombia and Venezuela, and in Australia the manufacturing subsidiary, LM Ericsson Pty. Ltd., acquired a major plant.

Technology

Research and development costs in 1979 amounted to USD 196.3m., or 9 percent of Group sales. A total of 3,500 persons were engaged in research and development, 200 more than in the preceding year.

The Year's Review contains a description of major development projects.

Personnel

The total number of employees within the Group was distributed as follows:

	December 31	
	1979	1978
Sweden: Parent Company	20,490	20,220
Other companies	7,460	7,280
	27,950	27,500
Europe, excluding Sweden	18,550	18,730
Latin America	5,830	5,490
Other countries	3,360	3,420
Total	55,690	55,140

Including the Group's telephone operating companies in Argentina, the total number of employees was 59,490 in 1979 and 58,830 in 1978. Supplementary information on the average number of employees and on salaries,

wages and remuneration paid is presented in connection with the notes to the financial statements on page 25.

Employee turnover of personnel directly involved in production increased in the Group's Swedish plants but declined in the companies outside Sweden.

Employee turnover in the Swedish sector of the Group developed as follows:

	1979	1978
Factory workers	11.4%	10.0%
Other employees	5.9%	5.1%

There was no major deviation from the preceding year's Group figures relating to absenteeism due to illness. Calculated as a percentage of the total work year, including vacation periods, the figures for the Swedish Group companies were as follows:

	1979	1978
Factory workers	11.2%	11.0%
Other employees	4.5%	4.6%

These figures are largely comparable to the average for the Swedish engineering industry.

Recruiting requirements in the factory sector of the Group were relatively low. Some difficulties were noted in recruiting trained and experienced factory personnel.

Training

The highly developed technology that characterizes the Group's products makes training of both company employees and those of its customers more important than ever. During 1979, 1,000 foreign students received 460,000 hours of training at Ericsson's International Training Center in Stockholm.

A substantial number of instructors from the major subsidiaries were trained during the year in order to be able to conduct training activities locally to a higher degree.

Training programs outside Sweden were also expanded in many places. Ericsson do Brasil conducted

nearly 300 courses involving 330,000 hours of instruction, 50 percent more than in the preceding year. Courses equivalent to 90,000 hours of instruction were conducted at Teleindustria Ericsson in Mexico.

Management-Labor relations

Pending adoption of a management-labor agreement applying the Swedish law on codetermination, the activities of the Works Councils have been maintained as a means of channeling information to the employee organizations on a regular basis.

During the year approximately 1,000 members and deputy members were involved in the work of 40 Works Councils and sub-committees within the Group in Sweden.

The direct costs of applying the law on codetermination, and of the operations of the Works Councils, amounted to approximately USD 2.4m. Positive results have been achieved, but the objective must be to find more flexible and effective ways of cooperation.

In 1974 the Board of Directors of the Parent Company approved the allocation of funds that would permit local union representatives to make study trips to become familiar with the different situations in countries where the Group is active, and with the conditions of union activity in those countries. Additional funds were granted for this purpose in 1977. Within the framework of this program, 59 study trips were granted during the period from 1974 through 1979. At the end of 1979 the Board approved an extension of the program for a three-year period.

The union situation at Ericsson de Colombia was normalized during the year. A new trade union was formed for technicians employed by the company.

Grants and scholarships

Grants totaling approximately USD 130,000 from "The Marcus Wallenberg Foundation for Scientific Research

LATINCASA's new factory in San Luis Potosí, Mexico.





The first phase of the Nordic data network includes four AXB 30 computerized switching systems. This picture shows the control room in the Copenhagen exchange center.

and Training" were made to eight employees during the year. Of these, three were from the Parent Company, two from subsidiaries in Sweden and one each from subsidiaries in Malaysia, Italy and Colombia.

The Marcus Wallenberg Fund for LM Ericsson's retired employees with long periods of service provided valuable assistance to a number of pensioners who faced economic problems.

Since 1973, Group employees in Sweden with three or more years of service have been able to purchase shares in the Parent Company with loans arranged by the Company. To date, approximately 3,000 employees have taken advantage of this program to purchase 190,000 shares.

Results of Group and Parent Company operations

Group net sales increased 15 percent in 1979, compared with 22 percent in 1978, and were distributed geographically as follows:

Millions of USD	1979	1978	1977
Sweden	421.1	334.4	308.6
Europe, excluding Sweden	892.2	803.4	684.0
Latin America	295.7	296.0	281.8
Asia	397.8	292.6	145.9
Africa	109.3	131.0	87.2
Australia, U.S.A., Canada	126.4	95.3	96.9
Total	2,242.5	1,952.7	1,604.4

Europe, including Sweden, continued to be the Group's largest market, accounting for 60 percent of total sales. The large contract in Saudi Arabia resulted in a continuing sharp increase in invoicing in the Asian market.

The distribution of Group sales by product category was as follows:

Millions of USD	1979	1978	1977
Telephone and telex exchanges	1,015.2	922.1	722.2
Subscriber exchanges, telephone instruments and intercom systems	298.7	258.2	218.7
Transmission equipment and radio communications systems	176.8	140.1	112.0
Military electronic equipment	134.9	96.3	74.4
Cable, wire and network equipment	306.9	272.3	240.1
Traffic signaling systems, components and other Group products	237.4	203.4	191.5
Miscellaneous	72.6	60.3	45.5
Total	2,242.5	1,952.7	1,604.4

The same prices established for sales to external customers are applied in intra-Group sales, except that consideration is given to the absence of certain costs in transactions between Group companies.

Cost of products and services sold increased 19 percent and invoicing rose 15 percent. The margin (difference between net sales and cost of products and services sold) for the Group was 1.8 percentage points lower than in 1978. The deterioration of the margin was due primarily to the fact that the severe international competition prevented price increases needed to compensate for the higher costs.

Wages and salaries, including social costs, of employees in Sweden who were covered by collective agreements increased slightly more than 8 percent. The increases in the plants outside Sweden were generally somewhat smaller than in the preceding year.

The prices of metals such as copper, silver and gold that are important in the Group's operations rose sharply. The prices of steel also increased. The higher prices of oil caused increases of 20 to 30 percent for the more important plastics products. The greatly increased demand for electronic components throughout the world resulted in generally extended delivery times and procurement problems. As a result of long-term delivery agreements, the Group was able to avoid serious shortages of components and severe price increases.

For the Group, *other operating revenue* consists primarily of license fees from non-Group companies for rights to manufacture Group products. In the Parent Company, other operating revenue also includes license fees from subsidiaries and the Company's share in the profits of local operations in Saudi Arabia which are conducted in a joint venture with Philips.

Overhead expenses increased 15 percent, compared with an increase of 19 percent in 1978, and their percentage of sales was unchanged. No exchange differences are included in overhead expenses.

The Group's average number of employees in technical, sales and administrative functions increased 5 percent. The largest increase occurred in the technical departments as a consequence of the continuing strong concentration on new products.

The level of wages and salaries, including social costs, for personnel in Swedish offices and plants who are not covered by collective agreements rose 8 percent in 1979, compared with 9 percent in 1978. The increase in the foreign sector of the Group was higher. Of the Group's employees in this category, 65 percent are located in Sweden.

Depreciation of property, plant and equipment totaled USD 82.8m. in 1979, as against USD 70.8m. in 1978. In addition, nonrecurring write-downs of USD 10.3m. (1978: USD 44.9m.) were charged against investment reserves.

With effect from 1980 uniform group depreciation will be applied in the Group accounts. This means that income before special adjustments and taxes will be charged with depreciation calculated uniformly throughout the entire Group, based on estimated useful life of the assets. Currently, book depreciation based on tax regulations in various countries is being applied. The regulations vary sharply. It is estimated that uniform depreciation for the Group will be lower than book depreciation.

Financial income and expense also includes net exchange differences, formerly included under as overhead expenses. As a result of the early redemption of long-term loans, a nonrecurring exchange difference of USD 26.9m. was charged in 1978. A specification of financial income and expense appears in the notes to the financial statements.

Foreign exchange translation differences, which have comprised large amounts in recent years, arose for the most part in connection with the translation to Swedish kronor of Ericsson do Brasil's assets and liabilities. Since this entity is now an associated company, the Group's interest in its earnings is included among share in net income of unconsolidated subsidiaries and associated companies after giving effect to translation differences.

Income before share in net income of unconsolidated subsidiaries and associated companies, special adjustments and taxes. This income term has been introduced in order to clearly show the results of the Group's operations as arrived at through the consolidation of the Parent Company and subsidiaries.

Share in net income of unconsolidated subsidiaries and associated companies. The share in earnings of the two majority-owned telephone operating companies in Argentina was at the same high level as in the preceding year.

The associated companies in Denmark and Norway contributed to increased equity income through substantially improved earnings, as did the cable companies in Brazil and Mexico.

Ericsson do Brasil reported net profits only 10 percent below its 1978 profits of BRC 416 million. However, as a result of the large cruzeiro exposure and the sharp decline in the value of the cruzeiro relative to the Swedish krona, the Group incurred a loss on its participation in this company.

In the Group income statement, the Parent Company's share in the earnings of the local operations in Saudi Arabia is shown under the above heading.

Special adjustments and adjusted net income

In some countries, appropriations to various reserves and funds are deductible for income tax purposes. Further details on the Swedish regulations in this area appear in the notes to the financial statements. Appropriations of this type, which are not operating expenses, amounted to USD 96.8m. in 1979 and USD 42.0m. in 1978.

If the Group's reported net income of USD 47.7m. (USD 72.2m.) is increased by the appropriations noted above and then reduced by the income taxes and the minority interest that would have been charged if the special adjustments had not been made, a total of USD 54.6m. (USD 18.0m.), adjusted net income of the Group in 1979 would have been USD 89.9m., equal to USD 4.12 per share, compared with adjusted net income of USD 96.2m., or USD 4.41 per share, in 1978. The difference between the adjusted net income in the two years is due primarily to the fact that the tax rates on the appropriations was substantially lower in 1978.



Microcomputer-based control devices for traffic signals are produced by SRA Communications AB.

Capital expenditures and financing

During the year the Group invested USD 122.1m. (USD 114.2m.) in property, plant and equipment. Capital expenditures in Sweden amounted to USD 68.0m. (USD 78.7m.). Most of the Parent Company's investments totaling USD 43.5m. for the year pertained to production and laboratory equipment for new systems. Sieverts Kabelverk, Rifa and SRA Communications invested substantial amounts in buildings and production equipment. Two thirds of the investments totaling USD 54.1m. (USD 35.5m.) in the companies outside Sweden were for machinery and laboratory equipment, also involving primarily electronics products.

As shown in the Consolidated Statement of Source and Application of Funds on page 16, the Group covered virtually all of its financing requirements with funds generated internally. Working capital increased by USD 251.9m. (USD 90.1m.). Of the increase, USD 145.5m. was attributable to trade receivables and was due to a strong concentration of invoicing at the end of the year.

The decrease in shareholdings and participations reflects the Parent Company's sale of holdings in Ericsson do Brasil and Le Matériel Téléphonique Thomson-CSF.

The opportunities for arranging loans to purchasers of equipment through AB Svensk Exportkredit were used to a greater extent in granting credits to foreign custom-

ers. As a result, it was possible to reduce the amount of the Parent Company's long-term receivables despite an increase in the volume of business.

During the year, the Parent Company issued a 15-year Swedish bond loan in the amount of SEK 150m. (USD 36.1m.) at an interest rate of 10 percent. Proceeds from the sales of shareholdings were used to repay loans in US dollars.

In its financial planning, the Parent Company seeks to achieve the best possible balance between assets and liabilities in different foreign currencies. Through refinancing transactions, primarily in US dollars and Saudi riyals, which are currently primary currencies for the Company, the exposure in Swiss francs has been substantially reduced in recent years.

Changes within the Group

In connection with the selection of the Group's AXE system as one of the systems for the expansion of the Brazilian telephone network, majority voting rights in Ericsson do Brasil were transferred to Brazilian interests through the sale of common shares in the company. At year-end, the Parent Company held 75 percent of the capital stock and 26 percent of the voting rights in the Brazilian company.

As a step in the restructuring of the French telecom-



Test stations for final checking of central processors for AXE exchanges at the Group's plant in Älvsjö, near Stockholm.

munications industry, a merger was effected in 1979 between "Société des Téléphones STE (Thomson Ericsson)" and "Le Matériel Téléphonique (LMT)." LM Ericsson owned a 33 percent interest in STE and, following the merger, received a 10 percent interest in the new company. This holding has, as a result of the sale of shares, been reduced to 5 percent.

In connection with a new issue of shares, subscribed for by the local minority stockholders, the Group reduced the percentage of its holding in Ericsson de Colombia from 86 to 75 percent.

In order to achieve more efficient penetration of the markets, the Parent Company established sales companies in Bolivia, Greece and Guatemala.

Sieverts Kabelverk AB acquired all of the shares in AB Essve Produkter, a Swedish company that is a market leader in the field of fasteners and scaffolding for the construction industry.

In the beginning of 1980 an agreement in principle was reached between Atlantic Richfield Company in the U.S. and the Parent Company, covering the formation of a new company in the U.S. to manufacture and sell cable, wire and telecommunications equipment. The new company will also manufacture and sell cable and wire in a number of other countries, primarily in Latin America.

Ericsson and Atlantic Richfield will each have a 50 percent interest in the new company, which is to be called Anaconda-Ericsson Inc.

Anaconda-Ericsson will take over from Anaconda Industries the latter's Anaconda Wire & Cable Division, comprising power cable and telecommunications cable operations in 11 factories and the production of electronic communications equipment in two plants. The Ericsson Group's sales companies in the U.S. and Canada will be included in the new company.

Anaconda-Ericsson will also comprise the Ericsson Group's cable interests in Argentina, Brazil, Colombia and Mexico, as well as Anaconda's corresponding interests in Brazil, Mexico and Saudi Arabia.

The telecommunications operations will be coordinated in a subsidiary, Anaconda-Ericsson Telecommunications Inc., which will have access to the modern technology developed within the Ericsson Group.

Outlook for 1980

It is difficult to estimate income for 1980 due to the prevailing uncertainties with respect to cost increases and foreign exchange rates. A reasonable forecast is that income before special adjustments and taxes will continue to develop favorably.

Parent Company

Of sales totaling USD 1,126.0m. (1978: USD 927.8m.), USD 950.1m., or 84 percent, were attributable to exports. In 1978 exports accounted for USD 801.0m., or 86 percent.

Consolidated companies accounted for 27 (29) percent of Parent Company sales and for 34 (35) percent of the Parent Company's total purchases of goods and services.

After special adjustments and provision for taxes, the Company reported net income of USD 47.3m. in 1979, compared with USD 31.9m. in 1978.

Reference is made to the accompanying income statements, balance sheets and statements of source and application of funds of the Group and Parent Company which, together with the notes to the financial statements on pages 13–25, constitute an integral part of the Annual Report.

Proposed disposition of unappropriated earnings in the Parent Company

As shown in the statement on page 25, there are available for disposition by the stockholders at the Annual General Meeting – in addition to a General reserve of USD 23,401,000 – unappropriated earnings totaling USD 56,647,000. The Board of Directors and the President propose that this sum be disposed of as follows:

To stockholders duly registered on the record day, a dividend of SEK 7.00 per share	USD 36,664,000
To be retained in the business	19,983,000
	<u>USD 56,647,000</u>

Stockholm, March, 1980

BJÖRN LUNDVALL

JAN WALLANDER PETER WALLEMBERG

ÅKE ANDERSSON BERTIL BJUREL LENNART DAHLSTRÖM

LARS-OLOF EKEBERG GUNNAR LAGERGREN

PER LINDBERG ALLAN OSCARSSON

BJÖRN SVEDBERG

President

Consolidated Income Statement

Thousands of USD

	1979	1978 (1)	1978 (2)
Net sales	2,242,517	1,952,719	2,168,473
Cost of products and services sold	<u>1,300,631</u>	<u>1,096,561</u>	<u>1,173,333</u>
	941,886	856,158	995,140
Other operating revenue	<u>26,576</u>	<u>18,054</u>	<u>17,957</u>
	968,462	874,212	1,013,097
Selling, administrative, research and development expenses	707,672	615,181	663,239
Depreciation	Note 8 <u>82,761</u>	<u>70,840</u>	<u>78,959</u>
	178,029	188,191	270,899
Financial income	Note 1 <u>73,585</u>	<u>68,794</u>	<u>75,059</u>
Financial expense	Note 1 <u>93,749</u>	<u>129,501</u>	<u>143,139</u>
Income before foreign exchange translation differences	<u>157,865</u>	<u>127,484</u>	<u>202,819</u>
Foreign exchange translation differences	<u>(874)</u>	<u>4,671</u>	<u>45,386</u>
Income before share in net income of unconsolidated subsidiaries and associated companies, special adjustments and taxes	<u>158,739</u>	<u>122,813</u>	<u>157,433</u>
Share in net income of unconsolidated subsidiaries and associated companies	<u>30,150</u>	<u>44,915</u>	<u>15,946</u>
Income before special adjustments and taxes	<u>188,889</u>	<u>167,728</u>	<u>173,379</u>
Special adjustments	Note 3		
Transfer to special reserve for accounts receivable and investments outside Sweden (including allocation for future foreign exchange rate variations of, 1979: -; 1978: 7,212)	10,368	5,602	6,766
Transfer to special inventory reserve	49,895	36,997	36,997
Transfer to reserve for future investments	38,034	1,730	1,730
Environmental improvement expense charged against the reserve	<u>(1,542)</u>	<u>(2,301)</u>	<u>(2,301)</u>
	96,755	42,028	43,192
Income before taxes	<u>92,134</u>	<u>125,700</u>	<u>130,187</u>
Taxes on income	<u>34,472</u>	<u>44,517</u>	<u>46,832</u>
	57,662	81,183	83,355
Minority interest	<u>9,980</u>	<u>8,966</u>	<u>11,138</u>
Net income	<u>47,682</u>	<u>72,217</u>	<u>72,217</u>

(1) Ericsson do Brasil consolidated on the equity basis.

(2) As published. However, net foreign exchange rate differences included in financial expense only.

The United States dollar amounts in the Financial Statements represent translations from Swedish kronor at the parity exchange rate at December 31, 1979 of SEK 4.16 to USD 1.00.

Consolidated Balance Sheet at December 31, 1979

Thousands of USD

ASSETS			1979	1978 (1)	1978 (2)
Current assets	Cash		460,694	387,700	411,166
	Notes and accounts receivable—trade (less provision for doubtful accounts, 1979: 10,965; 1978: 5,629)	Note 4	743,194	597,725	728,046
	Inventories (less advance and progress payments, 1979: 153,762; 1978: 148,953)	Note 5	864,238	808,776	870,072
	Other current assets	Note 6	115,343	111,230	161,276
			<u>2,183,469</u>	<u>1,905,431</u>	<u>2,170,560</u>
Restricted bank deposits		Note 3	11,691	13,411	13,411
Long-term assets	Notes and accounts receivable—trade	Note 4	142,785	180,629	180,629
	Other investments	Note 7	9,317	5,743	10,243
	Other long-term assets		11,465	8,054	12,600
			<u>163,567</u>	<u>194,426</u>	<u>203,472</u>
Investments in subsidiary and associated companies	Investments	Note 7	233,233	280,718	151,441
	Accounts receivable		76,147	102,541	48,305
			<u>309,380</u>	<u>383,259</u>	<u>199,746</u>
Investment in technical development projects			4,807	3,606	3,606
Property, plant and equipment		Note 8			
	Cost		1,003,336	905,241	998,035
	Less—Accumulated depreciation		639,313	565,772	602,184
			<u>364,023</u>	<u>339,469</u>	<u>395,851</u>
	Revaluation, net		78,284	82,319	82,319
			<u>442,307</u>	<u>421,788</u>	<u>478,170</u>
Assets pledged to secure indebtedness		Note 13	407,822	382,525	387,446
			TOTAL ASSETS	3,115,221	2,921,921
					3,068,965

(1) Ericsson do Brasil consolidated on the equity basis.
(2) As published.

The United States dollar amounts in the Financial Statements represent translations from Swedish kronor at the parity exchange rate at December 31, 1979 of SEK 4.16 to USD 1.00.

LIABILITIES AND STOCKHOLDERS' EQUITY

		1979	1978 (1)	1978 (2)
Current liabilities				
Bank loans		138,455	150,861	152,598
Accounts payable—trade		118,656	108,099	108,987
Advances from customers		273,255	275,647	343,060
Accrued income and other taxes		36,839	48,546	67,129
Other current liabilities	Note 9	367,391	325,353	359,146
		<u>934,596</u>	<u>908,506</u>	<u>1,030,920</u>
Long-term debt				
Debentures (<i>net of unrealized exchange differences, 1979: 9,924; 1978: 16,663</i>)	Note 10	312,313	294,860	294,860
Other long-term liabilities		318,669	317,472	334,876
		<u>630,982</u>	<u>612,332</u>	<u>629,736</u>
Pension and similar provisions	Note 11	286,450	246,957	246,957
Special reserves	Note 3			
Special reserve for accounts receivable and investments outside Sweden		102,308	95,490	91,657
Special inventory reserve		296,217	246,020	246,020
Reserve for future investments		57,355	28,994	28,994
Reserve for environmental improvements		4,367	6,818	6,818
Special reserve for future investments		72	72	72
		<u>460,319</u>	<u>377,394</u>	<u>373,561</u>
Minority interest in stockholders' equity		94,385	87,118	98,177
Stockholders' equity	Note 12			
Restricted				
Capital stock		261,881	261,881	261,881
Reserves not available for distribution		285,888	266,331	266,331
		<u>547,769</u>	<u>528,212</u>	<u>528,212</u>
Unappropriated earnings				
Retained earnings		113,038	89,185	89,185
Net income for the year		47,682	72,217	72,217
		<u>160,720</u>	<u>161,402</u>	<u>161,402</u>
		<u>708,489</u>	<u>689,614</u>	<u>689,614</u>
Contingent liabilities	Note 13	61,077	61,136	64,070
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		3,115,221	2,921,921	3,068,965

The United States dollar amounts in the Financial Statements represent translations from Swedish kronor at the parity exchange rate at December 31, 1979 of SEK 4.16 to USD 1.00.

Source and Application of Funds

Thousands of USD

		Consolidated		Parent Company	
		1979	1978	1979	1978
			(1)		
Source of funds	Net income (including minority interest)	57,662	83,355	47,342	31,930
	Depreciation	82,761	78,959	35,938	31,403
	Pension and similar provisions	39,493	35,219	19,304	18,465
	Special adjustments	96,755	43,192	93,542	14,561
		<u>276,671</u>	<u>240,725</u>	<u>196,126</u>	<u>96,359</u>
	Transfer of pension provisions and special reserves	—	—	(170)	7,162
	Decrease in restricted bank deposits	1,720	3,911	1,230	1,703
	Sale of stock	—	—	19,740	1,839
	Sale of property, plant and equipment	8,563	22,652	1,618	1,944
	Increase (decrease) in long-term debt	18,650	34,190	(11,655)	49,419
		<u>28,933</u>	<u>60,753</u>	<u>10,763</u>	<u>62,067</u>
		<u>305,604</u>	<u>301,478</u>	<u>206,889</u>	<u>158,426</u>
	Application of funds	Additions to property, plant and equipment	122,105	120,405	43,476
Investment in technical development projects		1,201	—	1,201	—
Investment in stock (consolidated: net investment)		(40,471)	34,726	22,829	12,771
Increase (decrease) in long-term assets		(60,827)	27,134	(67,659)	14,420
Dividend paid		31,648	29,084	28,808	26,188
		<u>53,656</u>	<u>211,349</u>	<u>28,655</u>	<u>105,573</u>
Increase in working capital		<u>251,948</u>	<u>90,129</u>	<u>178,234</u>	<u>52,853</u>
Increase in cash		72,994	132,079	84,308	111,511
Increase in inventories		55,462	62,768	12,294	34,323
Increase (decrease) in notes and accounts receivable and other current assets		149,582	(33,768)	115,411	63,853
(Increase) in current liabilities		(26,090)	(70,950)	(33,779)	(156,834)
Increase in working capital		<u>251,948</u>	<u>90,129</u>	<u>178,234</u>	<u>52,853</u>

(1) Not restated.

The United States dollar amounts in the Financial Statements represent translations from Swedish kronor at the parity exchange rate at December 31, 1979 of SEK 4.16 to USD 1.00.

Parent Company Income Statement

Thousands of USD

		1979	1978 (1)
Net sales		1,126,013	927,812
Cost of products and services sold		<u>654,787</u>	<u>526,374</u>
		471,226	401,438
Other operating revenue		<u>69,612</u>	<u>34,405</u>
		540,838	435,843
Selling, administrative, research and development expenses		379,988	329,231
Depreciation	Note 8	<u>35,938</u>	<u>31,403</u>
		124,912	75,209
Financial income	Note 1	79,067	72,161
Financial expense	Note 1	<u>44,707</u>	<u>86,522</u>
Income before extraordinary items		159,272	60,848
Extraordinary income	Note 2	3,071	4,213
Extraordinary expense	Note 2	<u>11,553</u>	<u>965</u>
Income before special adjustments and taxes		150,790	64,096
Special adjustments	Note 3		
Transfer to (from) special reserve for accounts receivable		17,949	(3,292)
Transfer to special inventory reserve		44,567	19,736
Transfer to reserve for future investments		32,452	—
Environmental improvement expense charged against the reserve		<u>(1,426)</u>	<u>(1,883)</u>
		93,542	14,561
Income before taxes		57,248	49,535
Taxes on income		<u>9,906</u>	<u>17,605</u>
Net income		47,342	31,930

(1) As published. However, net foreign exchange rate differences included in financial expense only.

The United States dollar amounts in the Financial Statements represent translations from Swedish kronor at the parity exchange rate at December 31, 1979 of SEK 4.16 to USD 1.00.

Parent Company Balance Sheet at December 31, 1979

Thousands of USD

ASSETS		1979	1978
Current assets	Cash	398,358	314,050
	Notes and accounts receivable – trade		
	Subsidiary companies	Note 4	154,686
	Other (less provision for doubtful accounts, 1979: 3,415; 1978: 3,446)	Note 4	270,798
	Inventories (less advance and progress payments, 1979: 52,187; 1978: 35,419)	Note 5	396,160
	Other current assets	Note 6	73,637
			<u>1,293,639</u>
			<u>1,098,394</u>
Restricted bank deposits		Note 3	6,221
			7,451
Long-term assets	Notes and accounts receivable – trade		
	Subsidiary companies	Note 4	2,611
	Other	Note 4	97,490
	Other investments	Note 7	8,136
	Other long-term assets		2,140
			<u>110,377</u>
			<u>118,431</u>
Investments in subsidiary and associated companies	Investments	Note 7	190,631
	Subsidiary companies		67,821
	Associated companies		214,632
	Accounts receivable		44,153
	Subsidiary companies		9,215
	Associated companies		36,061
			<u>303,728</u>
			<u>360,243</u>
Investment in technical development projects			4,808
			3,606
Property, plant and equipment		Note 8	
	Cost		406,399
	Less – Accumulated depreciation		284,820
			<u>121,579</u>
	Revaluation, net		52,589
			<u>174,168</u>
			<u>119,746</u>
			<u>55,671</u>
			<u>175,417</u>
Assets pledged to secure indebtedness	1979	1978	
	238,534	232,566	Note 13
			TOTAL ASSETS
			1,892,941
			1,763,542

The United States dollar amounts in the Financial Statements represent translations from Swedish kronor at the parity exchange rate at December 31, 1979 of SEK 4.16 to USD 1.00.

LIABILITIES AND STOCKHOLDERS' EQUITY				1979	1978
Current liabilities	Bank loans			2,675	2,761
	Accounts payable—trade			44,883	38,774
	Advances from customers			180,059	194,397
	Accrued income and other taxes			6,533	11,657
	Accounts payable to subsidiary companies			9,385	9,664
	Other current liabilities	Note 9		194,177	163,448
				<u>437,712</u>	<u>420,701</u>
Long-term debt	Debentures (<i>net of unrealized exchange differences, 1979: 9,924; 1978: 16,663</i>)	Note 10		312,313	294,860
	Long-term payables to subsidiary companies			11,657	10,479
	Other long-term liabilities			127,838	158,124
				<u>451,808</u>	<u>463,463</u>
Provision for pensions		Note 11		148,021	128,887
Special reserves		Note 3			
	Special reserve for accounts receivable			88,067	70,118
	Special inventory reserve			268,697	224,130
	Reserve for future investments			37,216	11,034
	Reserve for environmental improvements			3,942	6,266
				<u>397,922</u>	<u>311,548</u>
Stockholders' equity		Note 12			
	Restricted				
	Capital stock			261,881	261,881
	Reserves not available for distribution			115,549	115,549
				<u>377,430</u>	<u>377,430</u>
	Unappropriated earnings				
	General reserve			23,401	23,401
	Retained earnings			9,305	6,182
	Net income for the year			47,342	31,930
				<u>80,048</u>	<u>61,513</u>
				<u>457,478</u>	<u>438,943</u>
Contingent liabilities			Note 13		
		1979	1978		
		84,368	103,176		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY				1,892,941	1,763,542

The United States dollar amounts in the Financial Statements represent translations from Swedish kronor at the parity exchange rate at December 31, 1979 of SEK 4.16 to USD 1.00.

Investments in shares and participations at December 31, 1979

		Percentage of ownership	Par value in millions	Carrying value in MUS\$
Shares directly owned by Parent Company				
Subsidiaries				
Sweden				
I	LM Ericsson Telemateriel AB (LMS)	100	SEK 30.0	7.2
I	AB Rifa (RIF)	100	SEK 58.0	11.8
I	Sievert Kabelverk AB (SKV)	100	SEK 140.0	33.7
I	SRA Communications AB (SRA)	71	SEK 33.8	10.8
I	Ericsson Telephone Sales Corp. AB (ESS)	100	SEK —	—
IV	AB Aulis (AUL)	100	SEK 14.0	1.4
IV	Mexikanska Telefon AB Ericsson (MTE)	100	SEK 32.4	8.3
V	ELLEMTEL Utvecklings AB (EUA)	50	SEK 5.0	1.4
Europe				
I	Dansk Signal Industri A/S (DSI) Denmark	100	DKK 10.0	1.8
I	LM Ericsson A/S (LMD) Denmark	100	DKK 40.0	9.3
I	Oy LM Ericsson Ab (LMF) Finland	100	FIM 25.0	10.6
I	Ericsson Belgium sa/nv (ERB) Belgium	40*	BEF 6.0	0.2
I	RIFA S.A. (RFF) France	100	FRF 11.0	2.5
I	Ericsson (Hellas) Telecommunications Equipment S.A. (ETG) Greece	100	GRD 8.0	0.2
I	LM Ericsson Ltd. (LMI) Ireland	100	IEP 0.4	0.3
I	Ericsson Telefoonmaatschappij bv (ETM) The Netherlands	100	NLG 15.0	7.9
I	Soc. Ericsson de Portugal Lda. (SEP) Portugal	100	PTE 15.0	0.3
I	Ericsson AG (EAS) Switzerland	100	CHF 1.5	0.5
I	Industrias de Telecomunicación S.A. (Intelsa) (ITS) Spain	50*	ESP 600.0	9.9
I	LM Ericsson S.A. (LES) Spain	100	ESP 125.0	2.2
I	Ericsson Centrum GmbH (CEH) Germany	100	DEM 4.0	1.5
IV	Production Control (Ericsson) Ltd. (PCE) United Kingdom	100	GBP 2.2	4.7
IV	Swedish Ericsson Co. Ltd. (SEL) United Kingdom	100	GBP 3.3	8.3
IV	SETEMER S.p.A. (STM) Italy	51	ITL 8,800.1	6.8
U.S.A. and Canada				
I	LM Ericsson Telecommunications Inc. (LMU) U.S.A.	100	USD 3.5	2.8
I	LM Ericsson Limited — LM Ericsson Limitée (LMC) Canada	100	CAD No par value	0.6
IV	The Ericsson Corporation (TEC) U.S.A.	100	USD No par value	—
Latin America				
I	Cía Ericsson S.A.C.I. (CEA) Argentina	100	ARP 3,460.0	0.6
I	Industrias Eléctricas de Quilmes S.A. (IEQ) Argentina	100	ARP 13,500.0	1.6
I	Ericsson de Bolivia Telecomunicaciones S.A. (EBB) Bolivia	100	BOP 2.0	0.1
I	Cía Ericsson de Chile S.A. (CEC) Chile	100	CLP 0.3	0.3
I	Ericsson de Colombia S.A. (EDC) Colombia	66*	COP 17.6	1.0
I	Fábricas Colombianas de Materiales Eléctricos Facomec S.A. (FAC) Colombia	5*	COP 2.2	0.2
I	Teléfonos Ericsson C.A. (TEE) Ecuador	100	ECS 17.0	0.6
I	Ericsson de Guatemala S.A. (EDG) Guatemala	100	GTQ 0.1	0.1
I	Teléfonos Ericsson S.A. (TEM) Mexico	100	MXP 9.9	0.8
I	Teleindustria Ericsson S.A. (TIM) Mexico	60	MXP 257.4	13.3
I	Telequipos S.A. (TEP) Panama	100	USD —	—
I	Cía Ericsson S.A. (CEP) Peru	100	PES 10.5	0.1
I	Cía Ericsson S.A. (CEU) Uruguay	100	UYP 0.1	0.3
I	Cía Anónima Ericsson (CEV) Venezuela	100	VEB 10.0	2.4
Other countries				
I	Ericsson (Zambia) Ltd. (EZZ) Zambia	100	ZMK 0.2	0.3
I	Ericsson Telecommunications Sdn Bhd (ECM) Malaysia	70	MYR 2.1	0.9
IV	Teleric Pty. Ltd. (TLA) Australia	70*	AUD 13.9	15.4
	Other			3.0
Total consolidated subsidiary companies				186.0
Telephone operating companies				
II	Cía Argentina de Teléfonos S.A. (CAT) Argentina	78	ARP 40,378.6	2.6
II	Cía Entrerriana de Teléfonos S.A. (CET) Argentina	86	ARP 9,880.8	2.0
Total telephone operating companies				4.6
Total				190.6

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

			Percentage of ownership		Par value in millions	Carrying value in MUSD	
Associated companies	I	GNT AUTOMATIC A/S (GNT)	49	DKK	20.1	0.5	
	I	A/S Elektrisk Bureau (EBN)	25	NOK	23.2	8.7	
	I	Ericsson do Brasil Comércio e Indústria S.A (EDB)	75**	BRC	1,444.2	34.8	
	I	Fios e Cabos Plásticos do Brasil S.A. (Ficap) (FCB)	46	BRC	264.6	14.4	
	I	Sielte S.A. Instalações Elétricas e Telefônicas (SEB)	7*	BRC	4.6	—	
	I	Latinoamericana de Cables S.A. de C.V. (LCM)	49	MXP	99.6	5.4	
	I	LM Ericsson (Nigeria) Ltd. (LMN)	30*	NGN	0.2	0.3	
	I	Simco Ericsson Ltd. (SET)	40	IRR	220.0	3.6	
	I	Ericsson India Ltd. (EII)	40	INR	0.7	0.1	
				Total associated companies			67.8
	Other companies		Le Matériel Téléphonique Thomson-CSF	5	FRF	4.4	7.8
		Adela Investment Co. S.A.	0	USD	0.2	0.1	
		Sifida Investment Co. S.A.	1	USD	0.1	0.1	
		Other				0.1	
				Total other companies			8.1
Shares indirectly owned by Parent Company							
Subsidiaries	I	Kabmatik AB (KAB)	100	SEK	3.0		
	I	Sonab Communications AB (SON)	71	SEK	14.3		
	I	AB Essve Produkter (SVP)	100	SEK	2.0		
	I	Thorsman & Co AB (TCN)	100	SEK	9.5		
	I	AB Transvertex (TRX)	100	SEK	1.0		
	I	Vanadis Entreprenad AB (VEA)	100	SEK	1.7		
	I	Ericsson Telephone Corp. Far East AB (ETS)	100	SEK	0.5		
	I	I. Bager & Co A/S (BCD)	100	DKK	4.0		
	I	Brdr. B & E Hansen A/S (BHD)	100	DKK	0.3		
	I	LM Ericsson Radio A/S (SRD)	71	DKK	0.2		
	I	Thorsman & Co ApS (TCD)	100	DKK	0.1		
	I	Oy Sonab Ab (SOF)	71	FIM	1.1		
	I	Oy Thorsman & Co Ab (TCH)	100	FIM	0.3		
	I	Thorsman & Co A/S (TCO)	100	NOK	0.1		
	I	Thorsman & Co (UK) Ltd. (TCE)	100	GBP	—		
	I	Communications SRA, S.A.R.L. (SRP)	71	FRF	—		
	I	Thorsmans S.A.R.L. (TCF)	100	FRF	0.1		
	I	LM Ericsson (Athlone) Ltd. (LAI)	100	IEP	—		
	I	Thorsman Ireland Ltd. (TII)	100	IEP	0.4		
	I	FATME S.p.A. (FAT)	51	ITL	9,230.9		
	I	Scarfini S.p.A. (SCI)	51	ITL	174.4		
	I	SIELTE S.p.A. (SEI)	51	ITL	4,615.4		
	I	Sonab AG (SOS)	71	CHF	0.1		
	I	Rifa GmbH (RFG)	100	DEM	0.1		
	I	Thorsman & Co GmbH (TCT)	100	DEM	—		
	I	Telemontaje S.A. de C.V. (TMM)	60	MXP	15.0		
	I	Société Libanaise des Téléphones Ericsson (STL)	100	LBP	0.1		
	I	Ericsson Türk Ticaret Ltd. Şirketi (ETU)	100	TRL	0.1		
	I	LM Ericsson Pty. Ltd. (EPA)	100	AUD	14.0		
	I	RIFA Pty. Ltd. (RFA)	100	AUD	1.8		
	III	RE.GE. S.p.A. (REG)	51	ITL	153.8		
	III	Inmobiliaria Securitas S.A. de C.V. (ISM)	60	MXP	30.0		
	Associated companies	I	Bjurhagens Fabrikers AB (BFA)	50	SEK	7.5	
I		Bofa Kabel AB (BOF)	50	SEK	5.0		
I		AB Elektrokoppar (EKS)	25	SEK	5.0		
I		Kabeldon AB (KDA)	50	SEK	3.5		
I		Töcksfors Verkstads AB (TFV)	50	SEK	1.5		
I		Svenska Elgrossist AB SELGA (SEG)	34	SEK	16.0		
I		A/S Telesystemer (ATN)	25	NOK	2.3		
I		A/S Norsk Kabelfabrik (NKD)	25	NOK	6.1		
I		Thorn-Ericsson Telecommunications (Rentals) Ltd. (CRL)	49	GBP	0.5		
I		Thorn-Ericsson Telecommunications (Sales) Ltd. (SEE)	49	GBP	0.3		
I		Thorn-Ericsson Telecommunications (Mfg) Ltd. (TME)	49	GBP	0.7		
I		A.R.E. S.p.A. (ARE)	28	ITL	282.1		
I		Telecomponentes Comércio e Indústria S.A. (TCB)	75**	BRC	46.1		
I		Cobres de Colombia S.A. (CDC)	33	COP	5.0		
I		Pirelli Ericsson Cables Ltd. (PEA)	50	AUD	10.8		
IV		Förvaltnings AB Elektrounion (FEU)	33	SEK	5.0		
IV	Thorn-Ericsson Telecommunications Ltd. (TEL)	49	GBP	1.7			
Other companies		Svensk Interkontinental Lufttrafik AB	2	SEK	2.8		

The above list of shares and participations is an extract from that prepared in accordance with the Swedish Companies Act. A complete listing may be obtained upon request to Group Headquarters.

*Through holdings in subsidiaries, the Group owns 98 % of ERB, 51 % of ITS, 75 % of EDC, 96 % of FAC, 100 % of TLA, 42 % of SEB and 37 % of LMN.

**The voting shares total 26 %.

Notes to the Financial Statements

(All amounts in millions of USD unless otherwise indicated)

General

In this Annual Report, the Company has given due regard to the recommendations given in the "Declaration and Decisions on International Investment and Multinational Enterprises" of the Organization for Economic Co-operation and Development (OECD).

ACCOUNTING PRINCIPLES

Principles of consolidation

The consolidated accounts have been prepared in accordance with the purchase method, whereby equity capital of the Group includes only the Group's portion of the equity capital in subsidiaries and associated companies arising after their acquisition. The difference between acquired equity capital and acquisition cost, after adjustments, if any, to the value of acquired assets or liabilities, is treated as goodwill or badwill on consolidation and amortized over a ten-year period.

The consolidated financial statements include the Parent Company and all subsidiaries except the two telephone operating companies in Argentina which are accounted for using the equity method of accounting.

Associated companies in which the Group owns between 20 and 50 percent of the voting rights are shown in the accounts in accordance with the equity method of accounting. This means that the investments are shown as the Group's share of the companies' equity after adjustments for unrealized intercompany profits and unamortized goodwill. In computing the equity of associated companies, reserves arising from special appropriations are added back to equity after provision for deferred tax. However, ELLEMTTEL Utvecklings AB, in which the Group owns 50 percent of the voting rights and capital stock, is consolidated.

The "Philips-LM Ericsson Joint Venture Partnership," which administers the contract with the Ministry of Communications of Saudi Arabia, is shown in the Group accounts in accordance with the equity method.

Translation of amounts in foreign currency

In translating the financial statements of foreign subsidiaries and associated companies, property, plant and equipment, and depreciation thereon, are translated at exchange rates at date of acquisition. In those cases where there have been write-ups of fixed assets in foreign subsidiaries, the assets have in certain instances been translated at year-end exchange rates (see Note 8). Other assets and liabilities have been translated at year-end exchange rates, with the exception of inventories and advances from customers of the consolidated subsidiaries in Argentina, Australia, Italy (SIELTE only), Mexico and Spain, which have been translated at historical rates of exchange.

Parent Company receivables in foreign currencies — principally US dollars — which fall due during 1980 have been translated at year-end exchange rates, while those which fall due in 1981 and later years have, as in prior years, been translated at historical exchange rates. The US dollar receivables and cash balances of the Parent Company which are included in the consolidated accounts amounted to USD 51.4m. and are stated at a book value of SEK 222.6m. The difference between the book value and the value of the receivables calculated at year-end exchange rates, SEK 8.8m., is covered by an excess valuation of the Company's liabilities in US dollars.

Parent Company loans in foreign currencies which fall due for repayment in 1980 have been stated at year-end exchange rates. Portions of the loans, for which special secured exchange rates were provided, have been valued at the secured rates. For loans falling due in 1981 and later years, a plan has been prepared for the amortization of unrealized exchange differences, based on year-end exchange rates and the maturities of the loans. The loans are shown at year-end exchange rates, less the unamortized exchange differences in accordance with the amortization plan.

Taxes

The Parent Company's Swedish taxes attributable to operations during the year, as well as foreign taxes paid during the year and the taxes incurred by the Swedish and foreign subsidiaries, are shown under "Taxes".

Note 1

	Group		Parent Company	
	1979	1978	1979	1978
Financial income				
Dividends from subsidiaries	—	—	22.3	19.7
Dividends from other companies	0.4	0.4	2.3	1.1
Interest income	73.2	68.4	54.5	51.4
	<u>73.6</u>	<u>68.8</u>	<u>79.1</u>	<u>72.2</u>
Financial expense				
Interest expense	97.1	92.3	47.0	47.4
Other financial expense	1.8	3.0	1.5	2.7
Extraordinary exchange difference on early redemption of long-term loans	—	26.9	—	26.9
Realized and unrealized exchange differences (Parent Company), net	(5.2)	7.3	(3.8)	9.5
	<u>93.7</u>	<u>129.5</u>	<u>44.7</u>	<u>86.5</u>

Note 2

	Parent Company	
	1979	1978
Extraordinary income		
Profits on sale of fixed assets	3.0	1.4
Contributions from Group companies	—	2.7
Other	0.1	0.1
	<u>3.1</u>	<u>4.2</u>
Extraordinary expense		
Contributions to Group companies	11.6	0.5
Other	—	0.5
	<u>11.6</u>	<u>1.0</u>

Note 3

The following provides additional information on the Special adjustments, Restricted bank deposits and Special reserves shown in the financial statements.

The Special reserve for receivables and investments outside Sweden consists principally of write-downs of receivables in the Parent Company which are deductible for tax purposes and which, upon recovery, are taxed at the then current rate. The 1980 rate is estimated at 56 percent.

In accordance with Swedish tax regulations, appropriations to inventory reserves are, within specified limits, deductible for tax purposes. In principle, the inventory reserve may amount to 60 percent of the value of inventory, calculated in accordance with the first-in, first-out (FIFO) method. To the extent that the inventory reserve is released, it becomes taxable income.

Swedish corporations have the right to transfer a certain part of profits to a reserve for future investments. Appropriations to the reserve are deductible for tax purposes but 46 percent of the amount reserved must be deposited in a non-interest-bearing account with the Bank of Sweden. Upon obtaining permission of the authorities, the investment reserve may be utilized and the proportionate amount placed on deposit may be withdrawn. When the approved investments in fixed assets

have been completed, the cost of such assets, to the extent covered by funds from the reserve for future investments, may be written down by a corresponding transfer from the reserve. As a result of this non-recurring depreciation, normal depreciation of the assets is eliminated and taxable income increases proportionately during the normal depreciation period of the assets.

In 1974 regulations were adopted in Sweden requiring compulsory appropriations for that year to a reserve for environmental improvements and to a special reserve for future investments. The appropriations were based on a certain percentage of income before taxes. Amounts equal to the total appropriations were required to be deposited in non-interest-bearing accounts with the Bank of Sweden. Conditions relating to the utilization of these reserves and withdrawals of funds deposited with the Bank are largely the same as those applying to the voluntary investment reserves described above. However, employee approval must be obtained for the use of the reserves for environmental improvements. In the case of the special investment reserve, the employees' views must be sought.

Details of the utilization of these reserves for purposes of depreciation during 1979 are shown in Note 8. The Group utilized USD 1.5m. (USD 2.3m.) from the reserves for environmental improvements for projects of a non-capital nature, of which USD 1.4m. (USD 1.9m.) related to the Parent Company.

Restricted bank deposits

	Group		Parent Company	
	1979	1978	1979	1978
Reserve for future investments	9.3	9.8	4.4	4.5
Special reserve for future investments	0.1	0.1	—	—
Reserve for environmental improvements	2.3	3.5	1.8	3.0
	<u>11.7</u>	<u>13.4</u>	<u>6.2</u>	<u>7.5</u>

Note 4

	Group		Parent Company	
	1979	1978	1979	1978

Short-term notes and accounts receivable—trade

Subsidiaries				
Accounts receivable			150.7	94.3
Notes receivable			4.0	2.2
			<u>154.7</u>	<u>96.5</u>
Other				
Accounts receivable	730.2	579.7	259.9	201.6
Notes receivable	13.0	18.0	10.9	15.1
	<u>743.2</u>	<u>597.7</u>	<u>270.8</u>	<u>216.7</u>

Long-term notes and accounts receivable—trade

Subsidiaries				
Accounts receivable			0.5	3.1
Notes receivable			2.1	2.7
			<u>2.6</u>	<u>5.8</u>
Other				
Accounts receivable	125.8	160.1	80.5	86.6
Notes receivable	17.0	20.5	17.0	20.5
	<u>142.8</u>	<u>180.6</u>	<u>97.5</u>	<u>107.1</u>

Note 5

Inventories are stated at standard cost, which approximates cost on a first-in, first-out (FIFO) basis. Write-downs have been made in cases where the sales value of goods, after deduction of estimated selling costs, is lower than historical cost.

Intra-Group profits that were not realized through the sale of goods to customers outside the Group have been eliminated, even in respect of the associated companies.

Profits on large contracts are stated in accordance with the "percentage of completion" method. If costs required to complete such contracts are estimated to exceed remaining revenues, provision is made for estimated losses.

Note 6

	Group		Parent Company	
	1979	1978	1979	1978
Other current assets				
Prepaid expenses and accrued income	25.9	31.8	15.8	20.4
Advances to suppliers	14.6	19.5	10.4	13.7
Receivables from subsidiaries	—	—	—	2.4
Other receivables	74.8	59.9	47.4	34.0
	<u>115.3</u>	<u>111.2</u>	<u>73.6</u>	<u>70.5</u>

Note 7

Details of certain shares and participations owned directly and indirectly by the Parent Company are presented on pages 20 and 21. A complete listing of shares and participations, prepared in accordance with the Swedish Companies Act and filed with the Swedish Patent and Registration Office, may be obtained upon request to Group Headquarters.

Note 8

The Parent Company and its Swedish subsidiaries generally depreciate land improvements and buildings at rates of 2 to 5 percent on historical cost, and machinery and equipment at either 20 percent of historical cost or 30 percent of book value. In addition, non-recurring write-downs are made through utilization of investment reserves. Subsidiary companies outside Sweden use depreciation methods adapted to local practices.

Revaluations of land and buildings shown in the accounts occurred in connection with stock dividends in the Parent Company and Sieverts 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.

Write-ups of fixed assets were effected in several foreign subsidiaries to adjust the book value of the assets in local currency to a more realistic level. That portion of these write-ups which, when the assets are translated at year-end exchange rates, substantially exceeds the earlier book value in Swedish kronor is included in Revaluation under the Group heading in the table below. In 1976 such write-ups amounted to USD 17.8m. Depreciation of these write-ups is charged against income for the year.

Note 12

Capital stock of the Parent Company

2,485,677 Class A shares, par value SEK 50 each	29.9
19,302,821 Class B shares, par value SEK 50 each	232.0
<u>21,788,498</u>	<u>261.9</u>

All shares 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 1/1,000th of a vote at stockholders' meetings.

Changes in equity

Group	Restricted equity Capital stock	Legal reserves	Unrestrict- ed equity	Total
January 1, 1979	261.9	266.3	161.4	689.6
Appropriations to legal reserves		19.6	(19.6)	—
Parent Company dividend			(28.8)	(28.8)
Net income for 1979			47.7	47.7
December 31, 1979	<u>261.9</u>	<u>285.9</u>	<u>160.7</u>	<u>708.5</u>

Of the Group's unappropriated earnings, USD 15.5m. will be transferred to legal reserves in accordance with proposals of the respective companies' boards of directors. In evaluating the Group's financial position, it should be noted that profits in the Group's foreign companies may in certain cases be subject to tax when transferred to Sweden and that, in some instances, such transfers of profits may be limited by currency restrictions.

Parent Company	Restricted equity Capital stock	Legal reserves	Unrestrict- ed equity*	Total
January 1, 1979	261.9	115.5	61.5	438.9
Dividend			(28.8)	(28.8)
Net income for 1979			47.3	47.3
December 31, 1979	<u>261.9</u>	<u>115.5</u>	<u>80.0</u>	<u>457.4</u>

* including a general reserve of USD 23.4m.

Note 13

	Group		Parent Company	
	1979	1978	1979	1978
Assets pledged				
Real estate mortgages	172.6	144.7	59.9	42.4
Chattel mortgages	155.8	150.3	110.6	110.6
Shares	56.4	56.4	56.2	56.2
Trade receivables	14.2	25.1	11.3	22.9
Restricted bank deposits	8.8	6.0	0.5	0.5
	<u>407.8</u>	<u>382.5</u>	<u>238.5</u>	<u>232.6</u>
Contingent liabilities				
Discounted bills	8.4	2.8	—	—
Sureties	52.7	58.3	84.4	103.2
	<u>61.1</u>	<u>61.1</u>	<u>84.4</u>	<u>103.2</u>

Of the sureties assumed by the Parent Company, USD 58.3m. (USD 76.5m.) pertained to subsidiaries.

SUPPLEMENTARY INFORMATION REQUIRED UNDER THE SWEDISH COMPANIES ACT

Average number of employees and remuneration paid

	Group		Parent Company	
	Average number of employees	Salaries, wages and fees	Average number of employees	Salaries, wages and fees
Sweden	26,570	432.5	19,230	304.5
Other countries	32,850	334.9	1,440	26.5
	<u>59,420</u>	<u>767.4</u>	<u>20,670</u>	<u>331.0</u>

Paid to Board of Directors, President and Executive Vice Presidents

0.5

Salaries, wages and remuneration paid in foreign currency have been translated to Swedish kronor at average exchange rates for the year.

A detailed table showing the average number of employees and the amounts of salaries, wages and remuneration paid, prepared in accordance with the requirements of the Swedish Companies Act, is filed with the Swedish Patent and Registration Office. The table is available upon request to the Parent Company's Headquarters.

Special loans and commitments by the Parent Company

Loans totaling USD 1.6m. have been made to board members and managing directors within the Group. Virtually the entire amount pertains to loans made to an executive in an associated company outside Sweden for the purpose of acquiring shares in the company in connection with a major change in ownership.

Pledges of assets totaling USD 0.03m. and guarantees totaling USD 0.9m. have been made as security for loans obtained by board members and managing directors in Group companies. Of the guarantees, USD 0.8m. relates to the circumstances noted above with reference to loans made.

Pledges of assets totaling USD 0.5m. have been made as security for 1,388 bank loans obtained by Group employees for the purchase of stock in the Company, and loans totaling USD 0.3m. have been made to these employees, representing part of the interest on said bank loans, in accordance with the Company's "stock loan" offers of 1973 and 1976.

Audit Report

Telefonaktiebolaget LM Ericsson

We have examined the annual report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the President for the year 1979 in accordance with generally accepted auditing standards.

The annual report and the consolidated financial statements present the financial position, the results of operations and changes in financial position of the Company and of the Group in accordance with good accounting practice in Sweden, as described in the notes to the financial statements, and comply with the Swedish Companies Act.

The separate statement of loans, pledged assets and guarantees called for by the Swedish Companies Act has been prepared.

We recommend

that the Company's statement of income and balance sheet be adopted,

that the Group's statement of income and balance sheet be adopted,

that the unappropriated earnings be dealt with in accordance with the proposal in the administration report, and

that the Board of Directors and the President be discharged from responsibility for their administration in respect of the year 1979.

Stockholm, April 3, 1980

David Jones
Chartered Accountant
Partner in Price Waterhouse & Co.

N.-A. Frisk

Jörgen Eskilson
Swedish Authorized Public Accountant
Partner in Price Waterhouse & Co.

The above audit report refers to the annual report and the financial statements (pages 4 to 25) but expressed in Swedish kronor.

Year's Review



The LM Ericsson International Prize for significant contributions within the field of telecommunications, established in 1976 and awarded every three years, was presented in May by the Swedish King, HRH Carl XVI Gustaf, to Dr. K. Charles Kao (r) and Dr. Robert Maurer.

TECHNICAL DEVELOPMENT

Basic Technology

The change in the Group's technology has involved a transition to new products and to new production techniques. The first phase of the change was completed in 1979 as the major products are now based on electronics, which dominate deliveries from the Group's Swedish factories.

There has also been a rapid development in the field of semiconductors in recent years. The most advanced semiconductor components available in the beginning of the Seventies contained up to a thousand transistor functions on a silicon chip. For the components utilized today in various development projects, the number of transis-

tor functions has increased nearly one hundredfold, which permits completely new system solutions. The progress has been especially rapid for digital semiconductor components and this has resulted in digital solutions also for such basically analog functions as speech transmission.

Up to now semiconductor components — both standard types and custom-designed — have, in contrast to other electronic components, been procured mainly from outside suppliers. Since increasingly comprehensive system functions can be accommodated in individual components, such procurement means that some of the specific know-how possessed by the Group becomes available to other manufacturers in connection with the purchase of complex components. Various measures were therefore initiated during 1979 with the objective of strengthening the Group's internal supply of components.



Printed circuit boards are designed at ELLEMTEL with the support of computer programs.

These steps are based on the extensive know-how that has been accumulated for many years in the Group's component company, AB Rifa, the largest semiconductor manufacturer in Northern Europe. It may be noted that the "touch tone" part for telephone instruments that have been developed within Rifa are the most modern and advanced in the world. The company also handles a substantial amount of development and manufacture of custom-designed components for various applications outside the field of telecommunications. Their success is based on the high operating reliability derived from experience in telephony.

When the first promising research results involving communication with the aid of light signals carried on optical fibers were reported in the mid-Seventies, it was decided to start development work in this area within the Ericsson Group. This involved measurement and splicing techniques, connectors, and fiber production technology. The investment was motivated by the good prospects of achieving transmission systems with high capacity and significantly longer distances between repeaters. Other positive factors are the low weight of the fiber, low installation costs and the fiber's insensitivity to electromagnetic disturbances.

Experience from the field tests that were undertaken in 1979 jointly with the Swedish Telecommunications Administration, employing a technology developed

completely "in house," shows that expectations were met and that the Group has high competence in this new field.

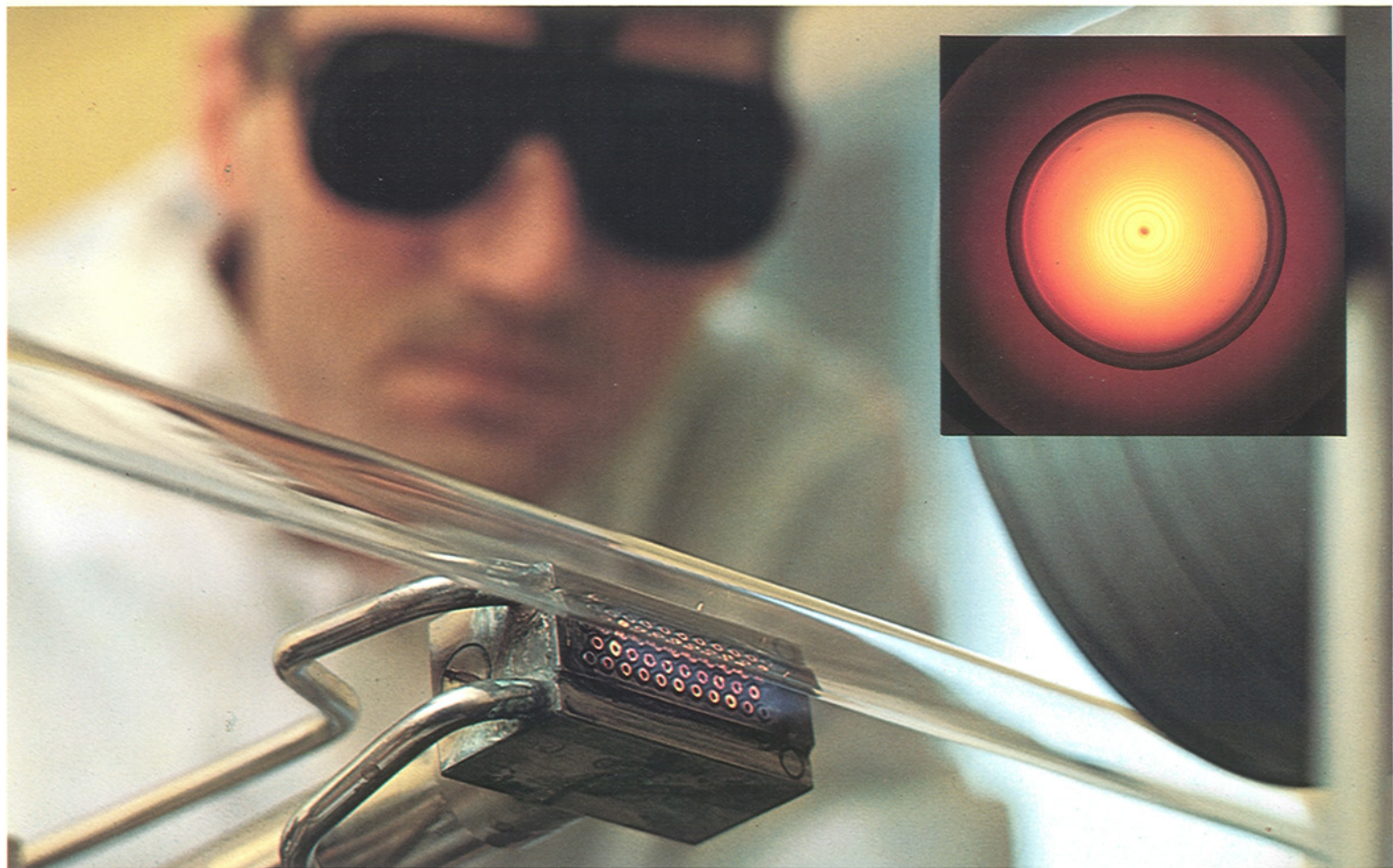
Ericsson began at an early stage to develop structures and planning methods for digital telephone networks. As one result of the experience acquired, the first synchronized digital multi-exchange network in the world was placed in service in Saudi Arabia during 1979.

As a result of the competence and resources that it has developed in its work with computers, Ericsson today is one of the technological leaders in this field. Its use of computers of its own design in various products makes the Group a substantial manufacturer of such equipment.

Ericsson has for many years been among the leading companies in the world with respect to radar technology for various applications in military defense programs. A new technology for airborne reconnaissance has been developed to supplement existing applications. It is based on the reception and analysis of heat radiation patterns from the target area, using FLIR (Forward Looking Infra Red) technology.

Systems

The use of telecommunications services for text, data and picture communications via public and private networks is expected to increase in connection with the



Production of glass substances for optical fibers. The smaller picture shows the cross section of a glass fiber, enlarged about 800 times its actual size.

automation of office operations. Accordingly, programs have been under way within the Group in recent years involving the development of terminals, modems and other subscriber equipment, as well as transmission systems for private networks.

Investments in public telephony are still expected to dominate capital spending in the field of telecommunications for many years to come. Major development programs must therefore continue in this field.

The most expensive part of a telephone network is the subscriber loop connecting subscribers and local exchanges. By introducing multiplex equipment by means of which a pair of wires can be utilized for many voice channels, and by concentrating traffic via remote switching units distributed throughout the subscriber loop network, expansion of cables can be deferred or new investments can be reduced. If these remote switching units operate with digital transmission, equipment for converting from one method of modulation to another becomes unnecessary. Integrated digital networks thus result in lower investment costs.

Through changes in programs, modern stored program controlled telephone exchanges can successively be adapted to changes in networks more economically than exchanges of earlier types. Through the use of separate signal networks, distinct from the voice connections, the traffic capacity of telephone networks can be utilized

more effectively.

To date, operation and maintenance of a telephone network has to a great extent involved manual work performed at the exchange site. By introducing computerized maintenance centers that are connected to various parts of the network via data links, substantial enhancements in productivity are achieved at the same time that the reliability of the network is improved. The Group is currently marketing equipment by means of which such improvements can be obtained within the framework of its AXE program, among other applications.

Current AXE projects include small local exchanges, digital subscriber stages located in the parent exchange or placed as remote switching units in the subscriber loop network, very large local and transit exchanges, and systems for mobile telephones. Parallel with the expansion of the AXE system's areas of application, new and improved technology is being introduced successively. The modular concept on which the system is based makes such modernization simple and profitable.

The use of land mobile radio communication in both private and public networks is increasing. SRA Communications AB has developed new, advanced mobile radio equipment for use in the Nordic mobile telephone network. The system employs digital frequency synthesis and microcomputer control functions, which makes it simple for the operator to use.



This money dealer system from LM Ericsson Telemateriel AB is installed in the Foreign Exchange Department of Svenska Handelsbanken in Stockholm.

MARKET REVIEW

Sweden

Millions of USD	1979	1978	
<i>Sales</i>	421.1	334.4	+26 %
<i>Orders booked</i>	498.2	424.2	+17 %
<i>Backlog, year-end</i>	487.6	410.5	+19 %

The Swedish Telecommunications Administration placed orders for an additional 118,000 lines of AXE equipment, which is now being installed in the Swedish network on a large scale. Orders for digital transmission equipment rose sharply during the year. The Parent Company's division for subscriber equipment had its highest year's sales to date and received large orders from the Administration for loudspeaking telephone instruments and parts for the new DIAVOX telephone instrument.

During the year, AXB 30 data network exchanges were installed for the Nordic telecommunications authorities, for service in the Nordic data network, which is now being tested by the customers. A telephone exchange with a mass memory for message storage was placed in operation in Sweden.

The Parent Company's division for defense electronics received large orders from the Swedish Armed Forces for radar equipment to be used in fighter aircraft. The first two telephone exchanges specially developed for strategic networks were placed in service during the year. The first series-produced intercept radar for missile systems was delivered to the Swedish Armed Forces.

The cooperation with the Swedish State Railways was further strengthened through a long-term agreement covering development of railway control systems.

Sieverts Kabelverk AB is experiencing severe competition from manufacturers outside Sweden due to the excess capacity of cable companies throughout the world. Swedish orders for power cable were at the same level as in 1978 but orders booked abroad declined, despite the fact that the company holds a technically preeminent position in producing high-voltage cable. Swedish and foreign demand for telecommunications cable both showed a downward trend and price competition was extremely hard. Rapidly rising prices of raw materials affected the company's profitability which, however, was satisfactory. The first of the Group's telecommunications cables to be developed with glass fibers was installed during the year.

SRA Communications AB introduced an automatic mobile telephone network based on AXE systems and comparable with the system ordered by the Nordic telecommunications authorities.

AB Rifa, which formerly was a designer and supplier of electronic components used primarily by other Group companies, was highly successful in expanding its range of customers – and market coverage – for capacitors and custom-tailored integrated circuits. During the past two years orders booked have increased more than 60 percent, to USD 72 m. The percentage of sales to Group companies has declined from 70 to 45 percent during the past five-year period, which is a desirable trend for the company.

Thorsman & Co AB, which manufactures and markets principally fasteners and electrical ducts, managed to increase its order bookings from the Swedish market substantially – nearly 35 percent – despite weakness in the construction industry. Orders from export markets also increased. During the year the company began the production and marketing of a completely new product, “T-plus,” a coupling for heating, water and sanitation pipes.

EUROPE (excluding Sweden)

Millions of USD	1979	1978	
<i>Sales</i>			
Italy	274.1	241.1	
Spain	115.4	101.3	
Denmark	100.8	123.9	
The Netherlands	64.9	51.2	
Finland	59.6	50.4	
Norway	59.2	51.5	
France	55.6	24.3	
West Germany	29.7	20.9	
Great Britain	28.6	35.9	
Ireland	25.3	23.6	
Rest of Western Europe	47.3	40.6	
Eastern Europe	31.7	38.7	
	892.2	803.4	+ 11 %
<i>Orders booked</i>	934.1	915.3	+ 2 %
<i>Backlog, year-end</i>	893.3	859.1	+ 4 %

Italy

Despite serious internal problems and vulnerability to the prices of oil, which led to high inflation and unemployment, industrial production in Italy increased, the country's currency reserve rose sharply and the value of the lira was maintained.

Telephone tariffs, which had not been adjusted for two years, were raised by Government decree on January 1, 1980. Investments in telecommunications have been low for several years as a consequence of the excessively low tariffs. Orders booked by FATME for telephone exchanges were slightly lower than in 1978, but were more than offset by substantially higher contracts for transmission equipment and railway traffic control systems.

Orders booked by SIELTE, the network installation company, were slightly lower than in 1978. There was a

sharp increase in contracts for transmission equipment. The new electronic ASB 100 and 900 subscriber exchanges scored a substantial success on the Italian market.

Spain

Economic activity in Spain was low during 1979 and this affected investments in the private sector in particular.

INTELSA's orders from customers in Spain were of the same size as in the preceding year. However, substantial export orders resulted in an increase in total bookings. The Spanish telecommunications authority placed orders for its first AXE exchanges. The first computerized telex exchange in Spain, an AXB 20, was placed in service in Barcelona during the year and new orders for the same type of exchange were received.

After several years during which it followed a policy of restraint in investing, the Spanish state railway authorities ordered large quantities of signaling and safety equipment from LM Ericsson S.A. Major orders were also received for equipment for the commuter system and the subway system in Madrid.

Denmark

Further rises in wages and salaries during 1979, combined with a relatively sharp growth in public and private spending, contributed to a deterioration in Denmark's balance of payments.

As a result of the full automation of the Danish telephone system, which was completed in 1978, and a declining flow of new subscribers – combined with tight public spending – there was a considerable decline in orders for public exchanges booked by LM Ericsson A/S. The company's share of the market did not decrease, however. Orders for new AXE exchanges were received and all of the Danish telephone administrations have now ordered digital exchanges of this type. There was a substantial increase in contracts for transmission equipment. Personal paging and mobile telephone systems scored successes in the market.

Dansk Signal Industri A/S was affected adversely by restricted capital spending for both railway and street signaling equipment. The company compensated for this in part through increased activity in foreign markets.

The Netherlands

The Dutch economy was comparatively strong during 1979 and demand for telecommunications service continued to be high. Orders booked by Ericsson Telefoonmaatschappij bv increased sharply, notably for public exchanges and telephone instruments. The company has a 50 percent share of the market for the latter. The Netherlands telecommunications authorities selected the Group's new DIAVOX telephone instrument and the “Starpoint” communications system, developed by the Dutch company, as standard equipment.

Ericsson Telefoonmaatschappij again had record-high orders and sales during the year.



The interior of Industrias de Telecomunicación's (Intelsa) modern factory in Leganés, near Madrid.

Finland

After several years of stagnation, demand rose again in the Finnish telecommunications network during 1979. However, since the expansion during the recessionary period had created reserve capacity in exchanges and networks, the increase in demand did not cause a corresponding rise in orders for Oy LM Ericsson Ab.

With the automation of the Finnish telephone system having been virtually completed during 1979, conversion to digital stored program controlled exchanges is imminent. This means that a number of local telephone administrations are facing decisions on the choice of a system. Ericsson's Finnish subsidiary was awarded a contract for a large digital exchange in Tampere.

Orders booked for telephone instruments rose sharply and those for electronic subscriber exchanges continued to be high.

The first order for CTC (Centralized Traffic Control) equipment was received from the Finnish state railways, which also approved test operation of ATC (Automatic Train Control) systems. Ericsson's system for automatic train control has thereby been introduced in all the Nordic countries.

Norway

As a result of forceful measures taken by the Government, there was an improvement in the Norwegian economy during the year. A policy of cautious investing was applied with respect to public works.

A/S Elektrisk Bureau, Ericsson's associated company, received an order for an earth station for maritime satellite communications featuring automatic ship-to-shore telephone and telex switching.

During 1979, for the first time, the Norwegian company exceeded the one billion Norwegian kroner mark in both order bookings and sales.

France

The French PTT ordered an additional 320,000 lines of AXE exchange equipment during the year, as a result of which total orders now amount to nearly 700,000 lines.

An AXE exchange was placed in service in Orléans and a large number of others are being installed.

RIFA S.A., the component manufacturing subsidiary, achieved substantial sales successes.

West Germany

Ericsson Centrum GmbH received substantial orders for modems from the Bundespost.

Great Britain

The large international London Thames AKE transit exchange was handed over to the customer, the U.K. Post Office, in June.

Thorn-Ericsson Telecommunications (Sales) Ltd. scored major sales successes with subscriber exchanges. The first order for a queuing system for use in airlines and ticket offices, etc. was received during the year. A large order for an internal telephone network system employing the MDS 110 digital subscriber exchange was received from London Transport.

Ireland

The first computer-controlled transit exchange to be delivered to the Irish Post & Telegraph was placed in service. The first Ericsson-designed ASB 100 and 900 electronic subscriber exchanges were also placed in operation in Ireland during the year.

Rest of Western Europe

Belgium. Ericsson Belgium sa/nv, the newly formed subsidiary, captured a substantial share of the private market and received orders for a large number of subscriber exchanges and DIAVOX 824 key systems. A number of Government agencies showed great interest in Ericsson Group products.

Eastern Europe

Yugoslavia. During the year the Parent Company's licensee received large orders covering a number of AXE telephone exchanges, AXB telex exchanges and transmission equipment.

Czechoslovakia. A national and international stored program control exchange employing the AKE system and a large subscriber exchange were placed in service during 1979.

LATIN AMERICA

Millions of USD	1979	1978	
<i>Sales</i>			
Mexico	106.1	108.9	
Venezuela	61.0	61.0	
Colombia	47.3	41.6	
Argentina	44.5	37.5	
Brazil	6.8	10.9	
Other countries	30.0	36.1	
	295.7	296.0	
<i>Orders booked</i>	452.0	308.0	+47 %
<i>Backlog, year-end</i>	449.8	310.0	+45 %

Mexico

Mexico experienced strong economic growth and a high level of capital spending during 1979 but this development was disturbed by sharp inflation. Despite this, Teleindustria Ericsson S.A. had a highly successful year and

received increased orders for telephone exchanges and other equipment. Contracts for the first AXE exchanges in Mexico were received during the year.

A large communications system was ordered for the subway system in Mexico City.

The LATINCASA cable company had a good year. Production was started in the newly constructed facilities in San Luis Potosí.

Venezuela

The prosperity of the past few years in Venezuela was superseded by a slowdown in the economy during 1979. Decisions on substantial exchange and transmission projects were deferred. The first AXE exchange to be installed in Latin America was handed over to the telephone administration in December.

Colombia

Thanks to the continued favorable trend of international coffee prices, Colombia's economy remained very strong during 1979. Ericsson de Colombia S.A. scored notably large successes in international competitive biddings. At year-end, the backlog of orders totaled more than half a million lines of exchange equipment and Colombia is now the Group's largest single market for AXE systems. A substantial order for PCM transmission equipment was received in connection with one of the AXE contracts.

An expansion of the factory in Bogotá was completed during the year and further enlargements of the factory and office space are planned.

The FACOMECA cable company had a healthy increase in order bookings and sales.

Argentina

During the year the Group received large contracts from ENTel, the Government telephone administration. A transit exchange with an ARE computer-controlled crossbar system was placed in service and orders were received covering expansion of this exchange and the delivery of eight new exchanges.

The cable company, Industrias Eléctricas de Quilmes S.A., recorded higher invoicing and improved profitability. The number of subscribers connected to the Group's telephone operating companies increased by more than 9,200 and totaled 180,000 at year-end. The companies' profitability was satisfactory.

Brazil

Brazil's economic situation caused very severe limitations on public spending. Ericsson do Brasil, now an associated company, received orders for telephone exchanges that were substantially higher than the order level of the past three years. The company, which was designated one of the future suppliers of computer-controlled telephone exchanges in Brazil, received its first order for AXE exchanges to be installed in the city of São Paulo. Deliveries of telephone exchanges exceeded those of prior years and the number of telephone instruments delivered more than doubled.



The ASDP 162 is a digital booking and call distribution system for efficient distribution of large volumes of incoming calls.

FICAP, the cable company owned jointly with Anaconda Industries, and which is Brazil's second largest cable manufacturer, successfully maintained its market position and improved its profitability.

SIELTE, the network installation company, had a higher level of operations than in 1978 and its profitability was good.

ASIA

Millions of USD	1979	1978	
<i>Sales</i>			
Saudi Arabia	287.4	194.6	
Other countries	110.4	98.0	
	397.8	292.6	+36 %
<i>Orders booked</i>	306.1	652.8	-53 %
<i>Backlog, year-end</i>	393.2	472.7	-17 %

Saudi Arabia

The second stage of the large contract in Saudi Arabia was completed on schedule in June, 1979, 18 months following the award of the contract. Thirteen AXE stations are now in operation.

Other countries

Kuwait. The Communications Ministry demonstrated its confidence in Ericsson Group technology by placing

orders for substantial expansions of both AXE and other exchanges.

New markets were opened up through orders from **Bahrain** and the award of a contract from the **United Arab Emirates**.

Malaysia. The telecommunications administration became the first in the Far East to order AXE exchanges. Contracts for mobile radio communications systems and subscriber exchanges were also received.

Thailand. Orders were received for nearly 60,000 lines of equipment to expand rural exchanges.

Large orders for railway signaling equipment were received from **Pakistan** and **Bangladesh**.

AFRICA

Millions of USD	1979	1978	
<i>Sales</i>			
Egypt	30.5	28.2	
Libya	29.5	23.4	
Other countries	49.3	79.4	
	109.3	131.0	-17 %
<i>Orders booked</i>	51.0	118.9	-57 %
<i>Backlog, year-end</i>	118.9	177.2	-33 %

As a consequence of restrained economic policies, decisions on a number of large projects in African countries were deferred.

AUSTRALIA, U.S.A. and CANADA

Millions of USD	1979	1978	
<hr/>			
<i>Sales</i>			
Australia	88.4	70.6	
United States and Canada	38.0	24.7	
	<hr/>	<hr/>	
	126.4	95.3	+ 33 %
<i>Orders booked</i>	137.7	124.2	+ 11 %
<i>Backlog, year-end</i>	96.3	90.7	+ 6 %

Australia

The economic situation in Australia continued to improve during 1979, although inflation and unemployment were still troublesome. LM Ericsson Pty. Ltd. received orders from Telecom, the national telecommunications

administration, for AXE exchanges. A 15-year delivery agreement was signed covering the AXE system and the AOM maintenance system. The administration selected the AXB 20 system as standard for telex exchanges.

The electronic booking system exchanges developed by the Australian company continued to sell well in international markets.

RIFA Pty. Ltd., the component manufacturing company, achieved a good increase in orders and earnings. The company has a strong market position in its product area and its prospects are favorable.

Pirelli Ericsson Cables Ltd., the company – jointly owned with Pirelli – that was established in 1978 through a merger of Pirelli's and Ericsson's cable companies, experienced substantial start-up problems, due in part to the low prices for cable in Australia.

The good increases in sales in many of the Group's units were achieved through the exceptional efforts of all personnel involved. The uncertain economic situation that prevails in a number of our markets means that such efforts will also be required during the present year. It is gratifying to know that there is a willingness and interest in making such efforts throughout the Ericsson Group – a group that strengthened its competitiveness in 1979 through increased cooperation among its companies.

Stockholm, March, 1980



BJÖRN SVEDBERG
President

Products and Systems

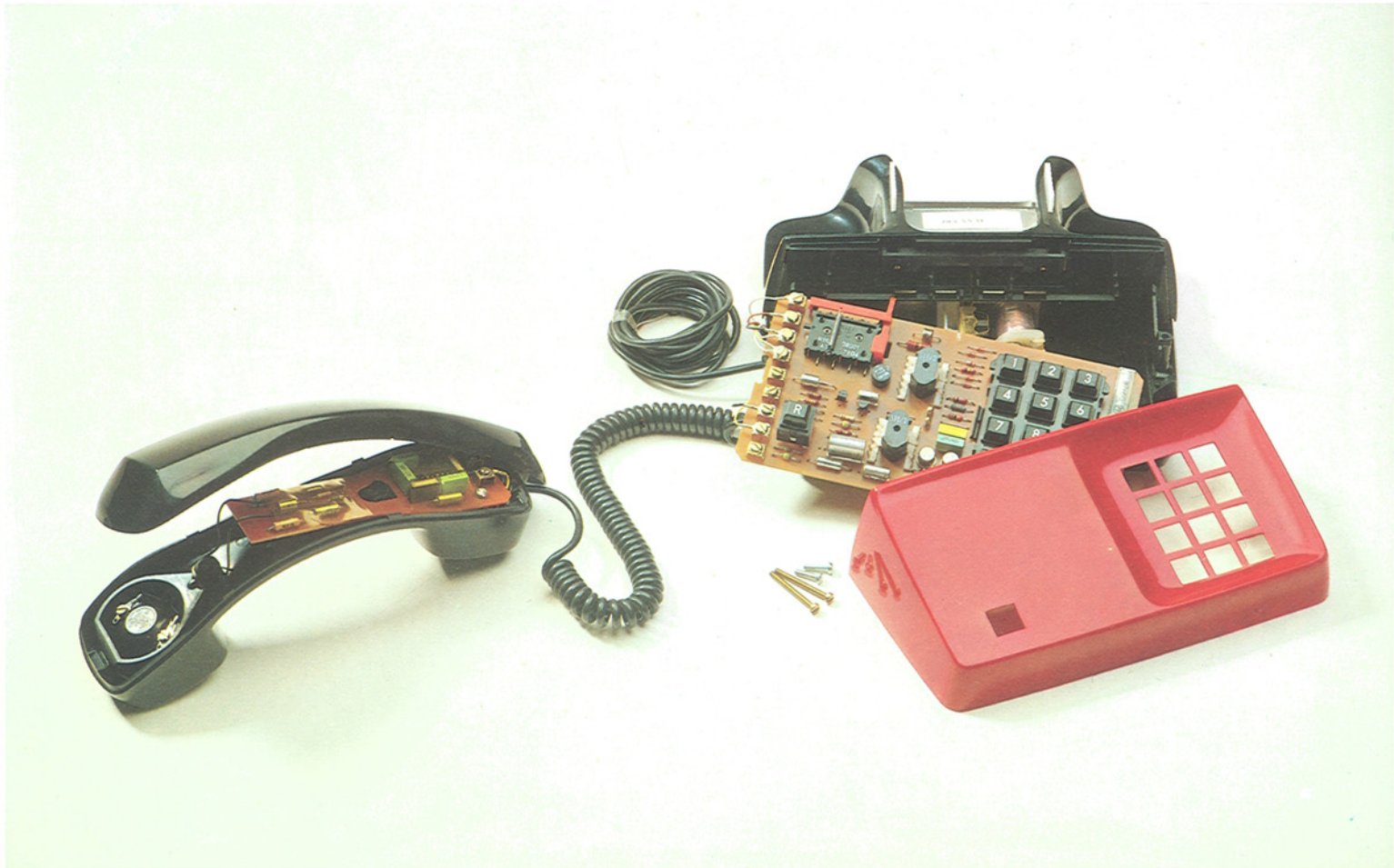


The ANE 403 switchboard system.



ERICOM Executive is a new office communication system developed by LM Ericsson Telemateriel AB.

DIAVOX is the trade name of a new range of telephone sets with the same basic design and common components used for several applications.



Public Telephone Exchanges

LM Ericsson is one of the world's leading manufacturers of automatic telephone exchanges for public networks. Its position of leadership has been strengthened during recent years as a result of the Company's rapid conversion to computerized systems. Ericsson systems are used for local, intercity and international traffic in many parts of the world. The advanced AXE telephone exchange system is unusually flexible and easy to handle. It has attracted substantial interest on the part of telecommunications administrations throughout the world. To date more than 20 administrations have chosen the AXE system for the development of their networks.

The Ericsson crossbar system, introduced in the early 1950s, has proved to be one of the most economical and reliable systems ever developed in the field of telecommunications. Ericsson can also deliver computerized control of both new and previously installed exchanges. Ericsson also manufactures manual exchanges, including electronic versions, for private and public use, as well as portable exchanges and special booking systems.

Transmission Equipment

Ericsson occupies an advanced position in the field of telecommunications transmission equipment. Its most important products are terminal equipment for conventional carrier frequency systems (FDM) and pulse code modulation (PCM) systems, and amplifying equipment for coaxial cable and radio link systems.

Cable

Sieverts Kabelverk AB, a subsidiary, is Northern Europe's largest manufacturer of power and telecommunications cable. The product program also includes installation and connection wire. The cable currently attracting the greatest interest is the XLPE plastic-insulated high-voltage cable with crosslinked polyethylene insulation. Sieverts Kabelverk is a leader in the world market for this type of cable.

Subscriber Equipment

Ericsson manufactures two basic types of telephone exchanges – electromechanical and stored program controlled (electronic) – for use in private systems. PABXs (Private Automatic Branch Exchanges) are

The DIAVOX 250 loudspeaking adapter.



Ciphering equipment TC-213, developed by AB Transvertex.

used to connect the public network with the subscriber's own extension instruments, and to handle traffic between the latter. PAXs (Private Automatic Exchanges), the second basic type, are used in internal telephone systems that are not linked to the public network. Exchanges of this type are installed in offices, hospitals, industrial plants, etc. Ericsson also produces special telephone systems for use in hotels, railway systems, electric utilities and by companies and organizations with their own national telecommunications networks, so-called private network groups.

The Group manufactures various types of telephone instruments, as well as loudspeaking telephones and a number of other types of instruments for special applications.

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

ASB 20 is a new stored program control subscriber exchange for about 25 extensions.



advanced computer programs and the implementation of network projects.

Data Communications

LM Ericsson markets systems for telex and other data communications services. The latest generation of Ericsson data and telex switching systems includes fully electronic computer-controlled exchanges.

Intercom Systems

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

Railway and Street Signaling

In the railway sector, the Parent Company develops centralized traffic control (CTC), automatic train control (ATC), interlocking installations, automatic and manual block systems, classification yard equipment and train describer systems. SRA Communications AB develops signaling systems for highway and street traffic, ranging from the simplest

devices for ordinary street intersections to the most complicated systems of traffic control for entire sections of a city.

Radio Communications

SRA Communications AB is one of the leading companies in the European market for radio communications systems and equipment. The Company develops, manufactures and markets a wide range of products for non-military applications in the fields of land-based radio communications, paging systems and mobile telephone systems. Other products include mobile radio links and portable radio systems for tactical military communications.

Components

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

Power Supply Equipment

The Parent Company's Power Supply Department develops and designs all the systems and devices such as rectifiers, converters and signaling equipment which go into modern telecommunications facilities.

The JZG 700 automatic train control system.





Ground station for the European OTS (Orbital Test Satellite) communications system.

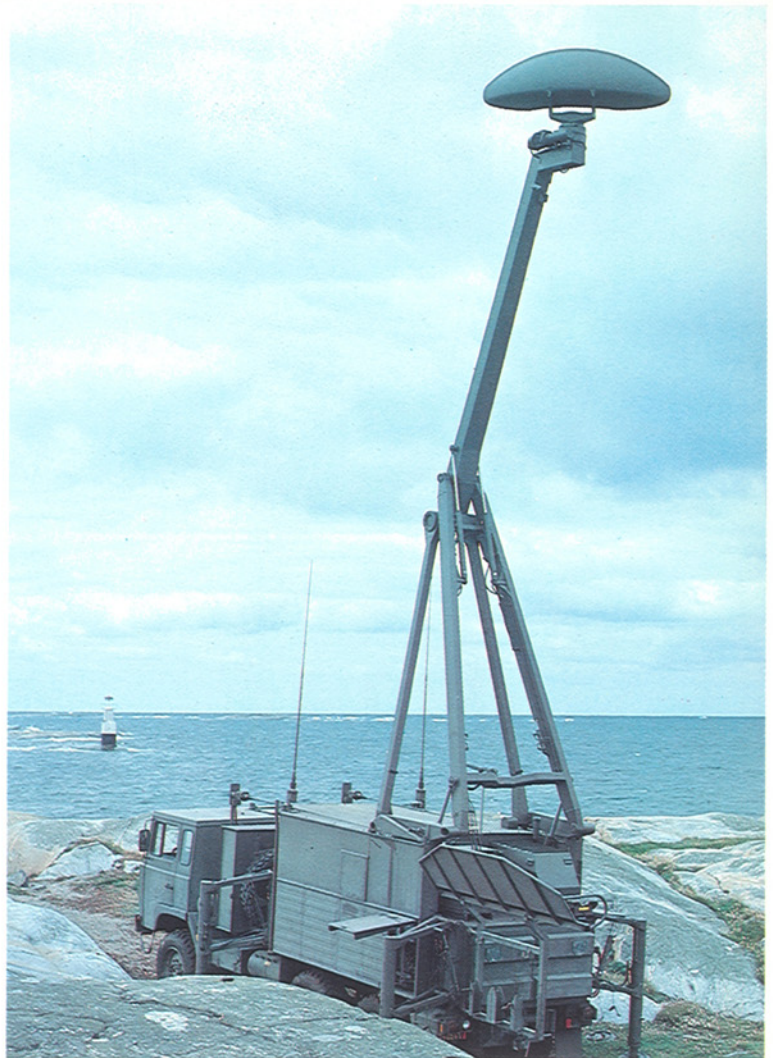
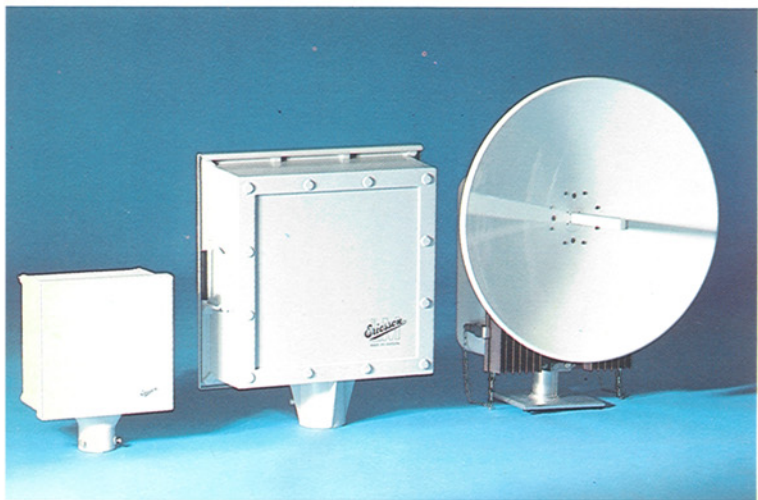
Defense Electronics

Ericsson plays an important role as supplier of electronic systems for military defense purpose. The MI Division of the Parent Company develops and manufactures radar and optronic systems, both airborne and land-based. A subsidiary, SRA Communications AB, also develops and produces avionic equipment.

Other Products

The Parent Company has developed a computerized system (AOM) for

MINI-LINK, a series of microwave radio links.



The Super Giraffe — a new member of the Giraffe family.

centralized operation and maintenance of the different parts included in a telephone network.

In the field of space communications, the Parent Company is developing satellite antennas and transponder equipment for communications satellites.

Other Group products include equipment for ciphering speech and written and data communication. These products are developed and marketed by AB Transvertex, a subsidiary.

Mobile telephone equipment for connecting subscribers to the public telephone network. Manufactured by SRA Communications AB.



The Ericsson Group

WITH ASSOCIATED COMPANIES* AND REPRESENTATIVES

Sales companies with manufacturing operations

SWEDEN

Stockholm
Telefonaktiebolaget LM Ericsson
AB Rifa
Sieverts Kabelverk AB
SRA Communications AB
AB Transvertex
Kabmatik AB
AB Essve Produkter

Nyköping
Thorsman & Co AB

Växjö
Widells Metallprodukter AB

Alingsås
*Kabeldon AB

Kungsbacka
*Bofa Kabel AB

Malmö
*Bjurhagens Fabrikers AB

Sales and installation companies

Stockholm
LM Ericsson Telemateriel AB
*Svenska Elgrossist AB SELGA

Gävle
Sonab Communications AB

Other companies

Stockholm
ELLEMTEL Utvecklings AB
*Förvaltningsaktiebolaget
Elektrounion

Regional offices

Technical offices

Representatives

EUROPE (excluding Sweden)

DENMARK Copenhagen

I Bager & Co A/S
Dansk Signal Industri A/S
*GNT AUTOMATIC A/S

FINLAND Jorvas

Oy LM Ericsson Ab

Esbo

Oy Sonab Ab

FRANCE Boulogne sur Mer

RIFA S.A.

IRELAND Athlone

LM Ericsson Ltd.

Drogheda

Thorsman Ireland Ltd.

ITALY

Rome

FATME S.p.A.
Scarfini S.p.A.

Castellanza

*A.R.E. Applicazioni Radio
Elettroniche S.p.A.

THE NETHERLANDS Rijen

Ericsson Telefoonmaatschappij bv

NORWAY Drammen

*A/S Norsk Kabelfabrik

Nesbru

*A/S Elektrisk Bureau

SPAIN Madrid

Industrias de Telecomunicación S.A.
(Intelsa)
LM Ericsson S.A.

UNITED KINGDOM Horsham

*Thorn-Ericsson Telecommunications
(Mfg) Ltd.

BELGIUM Brussels

Ericsson Belgium sa/nv

DENMARK Copenhagen

LM Ericsson A/S
Thorsman & Co ApS
Brdr. B. & E. Hansen A/S

Tåstrup

LM Ericsson Radio A/S

FINLAND Helsinki

Oy Thorsman & Co Ab

FRANCE

Boulogne Billancourt

Communications SRA, S.A.R.L.

Strasbourg

Thorsmans S.A.R.L.

GREECE Athens

Ericsson (Hellas) Telecommuni-
cations Equipment S.A.

IRELAND Athlone

LM Ericsson (Athlone) Ltd.

ITALY Rome

SIELTE S.p.A.

NORWAY Oslo

Thorsman & Co A/S
*A/S Telesystemer

PORTUGAL Lisbon

Sociedade Ericsson de Portugal Lda

SWITZERLAND Dübendorf

Ericsson AG

UNITED KINGDOM

Chorley

Thorsman & Co. (UK) Ltd.

Horsham

*Thorn-Ericsson Telecommunications
(Sales) Ltd.

*Thorn-Ericsson Telecommunications
(Rentals) Ltd.

WEST GERMANY

Frankfurt am Main

Rifa GmbH

Hanover

Ericsson Centrum GmbH

Lüdenscheid

Thorsman & Co GmbH

ITALY Rome

SETEMER S.p.A.

UNITED KINGDOM Horsham

Swedish Ericsson Company Ltd.
*Thorn-Ericsson Telecommunications Ltd.

POLAND

Warsaw

Austria, Iceland,
Luxemburg, Yugoslavia

IN AMERICA	AUSTRALIA ASIA AFRICA OCEANIA	U.S.A. CANADA
<p>ARGENTINA Buenos Aires Ericsson S.A.C.I. Industrias Eléctricas de Quilmes S.A.</p> <p>BRAZIL Paulo Ericsson do Brasil Comércio e Indústria S.A.</p> <p>BRASIL Rio de Janeiro Cabos Plásticos do Brasil S.A.</p> <p>COLOMBIA Bogotá Ericsson de Colombia S.A.</p> <p>Empresas Colombianas Materiales Eléctricos Comerc S.A.</p>	<p>AUSTRALIA Melbourne LM Ericsson Pty. Ltd. RIFA Pty. Ltd.</p> <p>Sydney *Pirelli Ericsson Cables Ltd.</p> <p>INDIA New Delhi *Ericsson India Ltd.</p> <p>IRAN Tehran *Simco Ericsson Ltd.</p> <p>MALAYSIA Shah Alam Ericsson Telecommunications Sdn Bhd</p>	
<p>BOLIVIA La Paz Ericsson de Bolivia Telecomunicaciones S.A.</p> <p>BRAZIL Paulo Ericsson S.A., Instalações Eléctricas Telefônicas</p> <p>CHILE Santiago Ericsson de Chile S.A.</p> <p>GUATEMALA Guatemala City Ericsson de Guatemala S.A.</p> <p>MEXICO Mexico D.F. Ericsson S.A.</p> <p>URUGUAY Montevideo Ericsson S.A.</p>	<p>IRAN Tehran Ericsson Telephone Sales Corporation AB**</p> <p>LEBANON Beirut Société Libanaise des Téléphones Ericsson</p> <p>NIGERIA Lagos *LM Ericsson (Nigeria) Ltd.</p> <p>THAILAND Bangkok Ericsson Telephone Corp. Far East AB**</p>	<p>UNITED STATES Woodbury, N.Y. LM Ericsson Telecommunications Inc.</p> <p>CANADA Montreal LM Ericsson Limitée/Limited</p>
<p>ARGENTINA Buenos Aires Argentina de Teléfonos S.A. Entreterriana de Teléfonos S.A.</p>	<p>AUSTRALIA Melbourne Teleric Pty. Ltd. LM Ericsson Finance Pty. Ltd.</p>	<p>UNITED STATES New York, N.Y. The Ericsson Corporation</p>
<p>COSTA RICA San José</p>	<p>HONG KONG Hong Kong</p>	<p>THAILAND Bangkok</p>
<p>HAITI Port-au-Prince PANAMA Panama City SALVADOR San Salvador</p>	<p>ALGERIA Algiers ANGOLA Luanda EGYPT Cairo GUINEA-BISSAU Bissau IRAQ Baghdad KUWAIT Kuwait</p>	<p>LIBYA Tripoli OMAN Muscat PAKISTAN Karachi SAUDI ARABIA Riyadh TUNISIA Tunis</p>
<p>Costa Rica, Dominican Republic, Guatemala, Honduras, Netherlands Antilles, Nicaragua, Panama, Uruguay, El Salvador, Surinam, Trinidad and Tobago</p>	<p>Angola, United Arab Emirates, Bahrain, Bangladesh, Botswana, Burma, Cyprus, Egypt, Ethiopia, Hong Kong, Indonesia, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Liberia, Libya, Macao, Malawi, Malta, Mocambique, Morocco, Namibia, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, Sri Lanka, Sudan, Swaziland, Syria, Tanzania, Tunisia, Yemen, Zaire, New Zealand</p>	

**Branch office



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