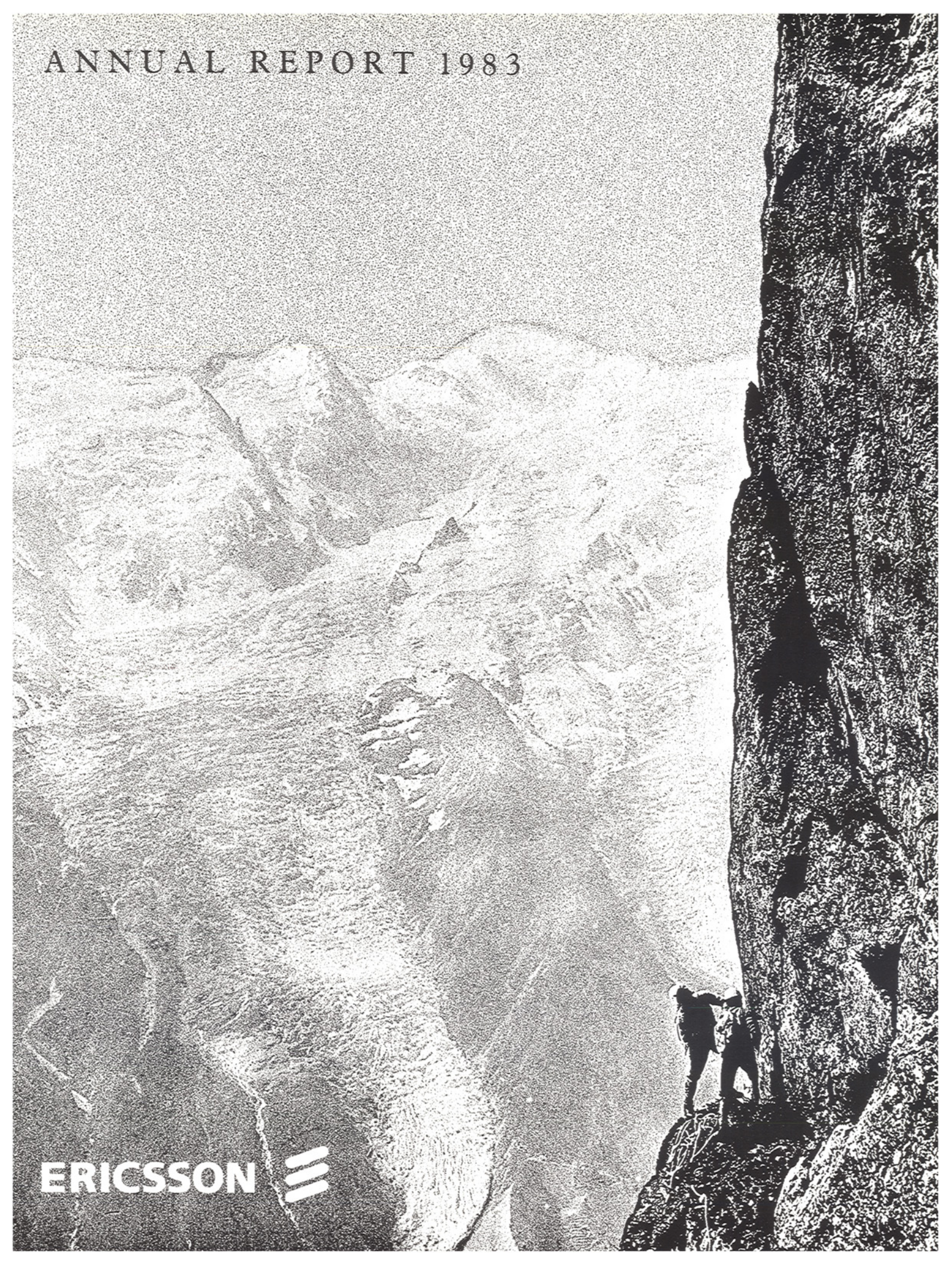


ANNUAL REPORT 1983

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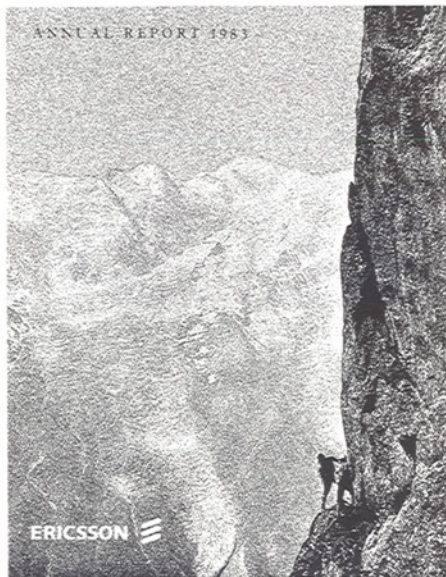
*"Because it's there..."*

*Few persons outside the smallest inner circle of mountain climbers can understand what drives them forward, up the most impossible mountain walls. Ask them, and the answer is brief, sometimes a bit laconic: "Because it's there."*

*Behind this facade there is a burning desire for perfection and a wish to discover the limits of one's endurance. Success requires self-knowledge. Insight into one's own capacity and an appreciation of the dependence on one's own physical and intellectual capacity. Combined with confidence in equipment and its quality.*

*Ericsson has the same approach to perfection. Like the mountain climbers', our success depends on our human qualities and the quality of our products. We achieve our results by imposing demands on ourselves and on the tools we use.*

*Quality is a prerequisite for success and expansion.*



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# Telefonaktiebolaget LM Ericsson

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## IMPORTANT EVENTS DURING 1983

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In May, the Company issued 4,000,000 new shares in the U.S. capital market, thereby increasing its share capital by nearly Skr 1,800 million. The proceeds will be used primarily to finance the Group's expansion. The share issue should also be regarded as an important element in establishing Ericsson's presence in the U.S. market.

An agreement reached with Honeywell, Inc. in the U.S. covers supply of the new MD 110 exchange for resale and the formation, effective January 1, 1984, of a joint venture, Honeywell Ericsson Development Company, to further develop this system and other telecommunications products. Under the supply agreement, MD 110 exchanges valued at Skr 500 m. will be delivered beginning in the second half of 1984.

At year-end, Facit Data Products signed an agreement with Memorex Corporation in the U.S. covering delivery of Ericsson Group printers for use in Memorex products. This contract is valued at slightly more than Skr 500 m.

Ericsson's AXE switching system was selected in two new markets: Pakistan and Switzerland. In Switzerland, AXE will be produced on license by Hasler A.G. Important contracts were also received in Colombia, Tunisia, and the Republic of Korea. A joint venture company, Oriental Telecommunication Company Ltd., was established in Korea and a new factory has been built for the production of AXE. Following competitive bidding in Morocco, Ericsson was awarded a contract covering 90 percent of the equipment to be supplied. With the signing of this contract, in January, 1984, Morocco became the 49th market in which AXE has been selected.

Major sales successes were recorded with Ericsson's mobile telephone (cellular radio) systems. The largest contract was obtained in Great Britain, where Ericsson will deliver one of two nationwide systems. The first phase involves the cities of London and Manchester and the Bristol/Cardiff area, including the highways linking these communities. In Ireland, a small system has also been ordered for the city of Dublin and two contracts were received in the U.S., for Chicago and Buffalo.

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## HIGHLIGHTS OF CONSOLIDATED OPERATING RESULTS

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	1983 Skr m.	1982 Skr m.	Change, percent
Net sales	25,244	19,470	30
Order bookings	26,142	22,534	16
Order backlog at year-end	21,565	20,991	3
Income before appropriations and taxes	1,758	1,350	30
Net income per share after taxes paid, Skr	34.46	25.05	38
Net income per share after paid and estimated deferred taxes on appropriations, Skr	22.05	17.13	29
Dividend per share, Skr*	9.00	7.50	20

\* For 1983, proposed by the Board of Directors

## Ericsson and quality.

*Since the earliest days of the Group, the Ericsson name has been associated with the same values as the word "quality" itself. Quality in the broad sense of the term has come to play an increasingly important role in our marketing. In today's tough competitive climate, the quality of Ericsson products is often the decisive factor for our customers. And the record shows that up to now we have been successful.*

*Within Ericsson, quality begins in the development stage. We analyze customers' requirements. We plan products and systems to meet these needs. We also impose demands on our subcontractors, demands that are also derived from careful analysis of customer demands. Quality is as important in planning, development work, specifications, testing and training as it is in manufacturing, distribution and final installation. Quality also means establishing continuing customer/supplier contacts. Each step is totally dependent on the efforts and sense of involvement of each individual.*

*Quality is an essential element of the work of everyone within the Group. We all share responsibility for satisfying the customer's requirements, for assuring that our products deliver what they promise, and that we live up to our good reputation.*

*This appreciation of the importance of quality is our key to the future. Because of this determined concentration on quality — in our people and our products — we are convinced that, whatever tomorrow may bring and demand, Ericsson is well prepared.*



Nineteen Eighty-Three was a successful year for Ericsson. The favorable trend of growth of recent years continued. Profit, after taxes paid, rose from Skr 25.05 per share to Skr 34.46, an increase of 38 percent compared with the preceding year.

Europe, the Far East and the United States are today rapidly expanding and important markets for the Group. The AXE system was introduced in Malaysia, Thailand and the Republic of Korea. In Europe, our success in making a breakthrough in Switzerland is particularly gratifying. The Information Systems Business Area has, in a short period, succeeded in increasing its market shares for terminal and computer systems in Europe, while our new information-handling MD 110 exchange has been established successfully in a number of important markets. Ericsson's mobile telephony (cellular radio) system has scored notable successes.

The issue of Ericsson shares in the U.S., in an amount close to Skr 1.8 billion, was carried out with good results. The issue was part of our strategy to broaden the base of our capital supply and increase the internationalization of the Group. The issue should also be viewed as a vital move in establishing our long-term presence in the U.S.

The telecommunications industry throughout the world is today characterized primarily by two equally strong trends: deregulation and the erosion of

# Good Growth for The Ericsson Group

monopolies. This is particularly true in the U.S. but applies to Europe as well. We greet this development with satisfaction since it is opening markets that have traditionally been closed, and in which we now have an opportunity to compete.

To be able to deal with these new market conditions, we have in recent years worked to broaden our operations in terms of both products and market areas. The purchases of Datasaab and Facit made possible a rapid expansion of our product line so that Ericsson can today offer a broad range in three areas – telecommunications, distributed data processing and office automation – collectively defined as information technology. Despite sharply increased sales and the great success of the AXE system, the Public Telecommunications Business Area, which less than 10 years ago accounted for more than 50 percent of Group sales, today represents less than 35 percent of our operations. The Information System Business Area has grown from a 15 percent share of the total to nearly 30 percent.

Our plans also require that we have a strong position in the U.S. market. We consider this essential if we are to become an active partner in the information system industry during the Nineties. The United States will then unquestionably be a leader in information technology and is already today the primary source of new technology and new marketing ideas. Within Ericsson, we are working to build up our market in the U.S. We have also signed important cooperation agreements to adapt our products and systems to American requirements. During 1984 we will begin to actively market the version of our MD 110 information-handling exchange. At the same time we are introducing the AXE system in the market that has opened up as a result of the breakup of the old Bell System.

As far as the Group is concerned, the changeover from electromechanical to electronic technology is virtually complete in Sweden. But it has caused

overcapacity and conversion problems in the industry. The great complexity of today's electronic systems has resulted in sharply higher development costs, accentuating companies' dependence on large volumes of sales. A contributing element is also the fact that hardware production has become, to an ever greater degree, a highly automated assembly and test operation, while components are mainly purchased from outside suppliers. Against this background, the importance of the Group's growth becomes clear.

The complexity and rate of change in our area of operations are increasing rapidly, requiring intensive research and development programs. Although system and product development dominate the Group's technical activities, resources are also being focused on basic technology. This is occurring notably in the areas of computer technology – with emphasis on software – microcircuits and fiber optics. 5,500 persons are engaged in research and development within Ericsson.

Development costs have increased parallel with sales during the past ten years and amounted to Skr 2 billion last year, equal to 8 percent of invoicing.

We are counting on more effective utilization of our sales organization to provide improvement in profit margins. In addition, the return on capital will be affected favorably by a higher rate of capital turnover. As a result of these combined factors, we should reach our target of a 15 percent after-tax return on equity within a few years. The prospects for the year immediately ahead appear favorable. The growth in sales will continue to be rapid and it should be possible to maintain profitability.

The new structure of the Group – with operations organized in Business Areas – has developed exceptionally well and has already resulted in greater efficiency throughout the organization. The transfer of operational responsibil-

ity to the Business Areas has given Group management increased possibilities to concentrate on major business transactions and on long-term development problems. This distribution of responsibility increases our opportunities to adapt smoothly to changing conditions.

Ericsson today is a strong group. Our strength lies primarily in our technical know-how and in the quality products, created as a result of this know-how, that are holding their own effectively throughout the world. We have appreciated the need to further improve our knowledge of markets and our marketing techniques. Our objective is that the quality of our performance in this area should match the high quality of our products.

We have chosen "Quality" as the theme of this year's Annual Report – quality in a broader sense than the traditional. Productwise, in the spirit of good Swedish engineering, we have always sought to rank at the top. We will maintain this position, but now we want to further strengthen it by making the quality concept a concern of every Ericsson employee – at all levels and in all functions. And we are concentrating on attracting to the Group – and developing – the best engineers and managerial talent, so that we can succeed in carrying out the tasks we have set for ourselves.



Björn Svedberg

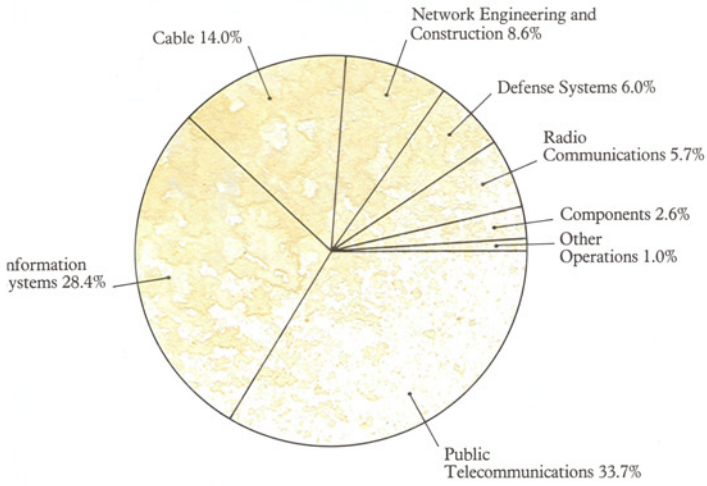
# Ten-Year Summary

Amounts in millions of Swedish kronor except per-share data

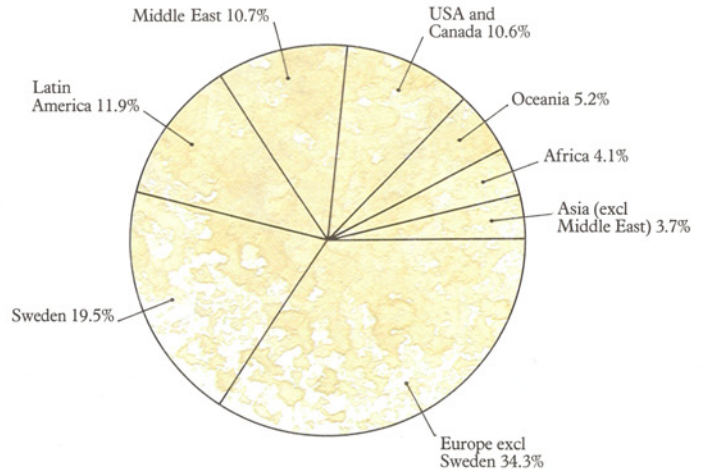
	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
Net sales	<b>25,244</b>	19,470	16,194	12,174	9,329	9,021	7,833	7,312	7,240	5,988
Operating income before depreciation	<b>3,408</b>	2,615	2,819	1,604	1,085	1,447	1,207	1,300	1,185	1,154
Operating income	<b>2,464</b>	1,841	2,198	1,195	741	1,118	904	1,010	952	927
Financial income less financial expenses	<b>-802</b>	-949	-1,134	-307	-80	-463	-384	-605	-279	-173
Equity in earnings (after taxes) of associated companies	<b>66</b>	147	106	47	125	66	33	2	58	64
Minority interest in income before appropriations and taxes	<b>+30</b>	+310	+22	-	-	-	-	-	-	-
Income before appropriations and taxes	<b>1,758</b>	1,349	1,192	935	786	721	533	407	731	818
Adjusted net income per share										
- after actual taxes paid	<b>34.46</b>	25.05	21.12	19.19	19.53	14.69	8.52	7.84	15.95	18.19
- after actual and estimated deferred taxes	<b>22.05</b>	17.13	16.73	13.57	11.43	12.23	8.23	6.49	10.22	10.70
Cash dividends per share	<b>9.00</b>	7.50	6.50	5.67	4.67	3.67	3.33	3.33	3.68	3.04
Additions to property, plant and equipment	<b>1,645</b>	1,662	1,275	718	508	501	548	586	657	502
Research and development expenses	<b>1,973</b>	1,638	1,359	1,013	817	746	641	590	510	410
- in percent of net sales	<b>7.8</b>	8.4	8.4	8.3	8.8	8.3	8.2	8.1	7.1	6.8
Working capital	<b>9,122</b>	7,230	6,885	6,322	5,195	4,741	4,366	4,032	4,372	3,428
Property, plant and equipment	<b>6,176</b>	5,817	4,783	3,833	1,840	1,989	2,095	2,015	1,822	1,542
Long-term liabilities	<b>6,673</b>	7,230	6,383	4,932	3,817	3,647	3,358	3,188	3,155	2,377
Untaxed reserves	<b>4,333</b>	3,617	3,251	3,233	1,915	1,554	1,558	1,580	1,672	1,403
Minority interest in equity of consolidated subsidiaries	<b>1,220</b>	957	933	966	393	408	384	346	410	403
Stockholders' equity	<b>6,219</b>	4,156	3,654	3,010	2,947	2,869	2,677	2,594	2,121	2,044
Current ratio	<b>1.8</b>	1.7	1.9	2.1	2.3	2.1	2.1	2.2	2.1	2.0
Return on equity, percent	<b>10.9</b>	10.0	11.0	10.4	9.2	11.3	7.6	6.7	7.7	8.5
Equity ratio I, percent	<b>31.4</b>	26.9	28.4	31.6	33.2	31.8	32.0	33.4	29.3	33.1
Equity ratio II, percent	<b>38.5</b>	33.9	35.8	40.7	40.5	37.8	38.6	40.5	36.6	40.4
Debt-equity ratio	<b>1.0</b>	1.5	1.4	1.2	1.1	1.1	1.3	1.2	1.4	1.0
Backlog of orders,	<b>21,565</b>	20,991	17,701	11,914	10,147	10,586	8,565	7,522	9,162	7,701
Number of employees	<b>70,800</b>	66,300	69,900	65,900	59,500	65,100	66,400	71,100	84,100	80,600

Definitions of terms used above are given under Notes to the Financial Statements, page 39.

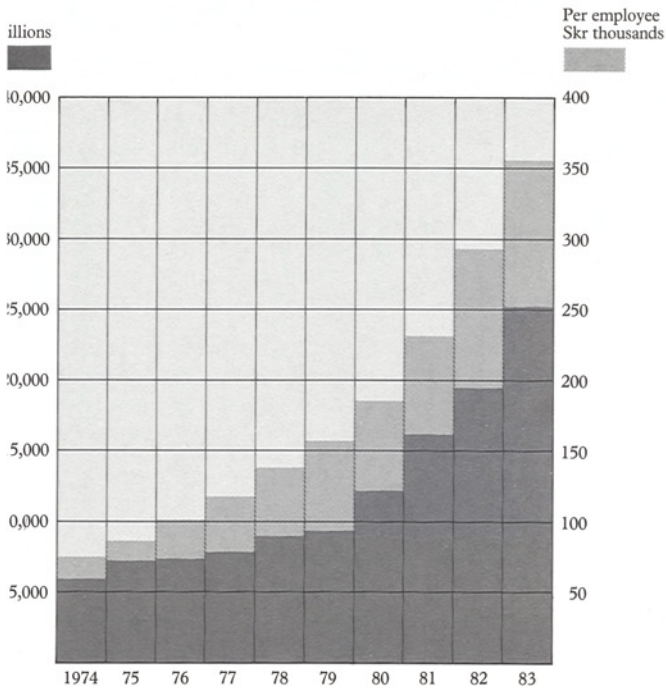
**Group sales by Business Areas**



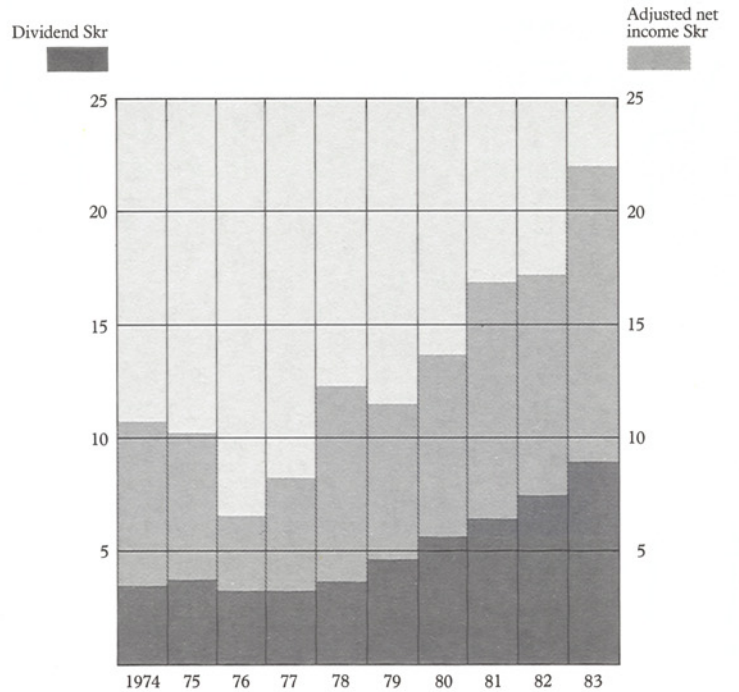
**Overall geographic distribution of sales**



**Sales**



**Earning and dividend per share**



# AXE Maintains its Lead

The world market for telecommunications continues to grow. In the more developed countries, demand is increasing for equipment with which to transmit voice, text and — above all — data. Outdated equipment also has to be replaced. In all countries, telecommunications is a prerequisite for a functioning infrastructure.

For a number of years the world market increased at an annual rate of seven percent but the rate of growth has been somewhat lower recently. Growth is relatively highest in Southeast Asia but, due to the large base in the industrialized countries, the increase in volume in these markets is, in absolute terms, much greater than in the developing countries.

Ericsson's share of the world market is 13 percent, calculated in terms of the number of new telephone exchange lines installed, and this product line, including telephone operations, accounts for 76 percent of the invoicing by the Public Telecommunications Business Area. Transmission equipment and other telecommunications material account for the remaining 24 percent.

Ericsson's share of the market for telephone exchanges has risen for a number of years, due to the success of the AXE system which was installed for the first time in 1978 and which has been continuously updated in pace with new technology. To date, 49 countries have ordered telephone ex-

changes of the AXE type. The AXE system is superior to competitors' in terms of adaptability, performance and quality.

## WESTERN EUROPE THE LARGEST MARKET

Western Europe has traditionally been the largest market for the Business Area and will continue to be important in the future since telephone equipment in many countries has to be modernized. During the year, the Swiss telecommunications administration decided to approve AXE, along with systems supplied by Siemens and ITT, for expansion of the national network. This represents a move into a completely new national market for the Business Area.

The divestiture of American Telephone & Telegraph (AT&T), effective in 1984, means that AT&T has lost part of its very strong monopolistic position as a supplier of local telephone service in the United States. The 22 former Bell operating companies have been restructured to form seven regional operating companies which will be able to purchase through open bidding. This is opening up a new market, for products and systems used in public telecommunications networks, that is extremely attractive since the U.S. accounts for nearly one third of the total world market for such equipment. Ericsson is currently supplying telephone exchanges and transmission equipment to selected carriers and will now substantially increase its opera-



OVE ERICSSON

tions in the U.S. The Group has established a technical center in Dallas, Texas, to adapt the AXE system to the American market.

The Far East shows higher growth figures than any other world area. The need for telecommunications is growing. During the year, AXE exchanges were ordered for the Peoples' Republic of China, the Republic of Korea, Malaysia and Thailand. In Korea, a cooperative undertaking was begun in the form of a joint venture with a leading local producer of telecommunications equipment. A factory has been built to manufacture the AXE system. Orders received in Korea in 1983 amounted to Skr 400 m.

As a result of a lower rate of economic activity in Saudi Arabia, orders from that country declined but our business there will continue to be substantial.

In Latin America, a number of countries are affected by economic problems, which has caused some restraint in placing orders in that area.

A number of important choices of switching systems will be made in various parts of the world during the next few years. Ericsson expects that its AXE system will remain ahead of the competition throughout the 1980s and the objective is to increase volume by eight to ten percent while the market

## BUSINESS AREA PUBLIC TELECOMMUNICATIONS

(Skr millions and percentages of Group totals)

	1983		1982	
	Skr millions	Percentage	Skr millions	Percentage
Sales	8,508	33.7%	6,878	35.3%
Order bookings	8,780	33.6%	7,700	34.2%
Personnel	27,808	39.9%	29,818	45.9%



expands by five to seven percent. AXE is also the cornerstone of Ericsson's successful mobile telephone system.

The profitability of the Public Telecommunications Business Area is above the average for the Group as a whole; this makes it possible to maintain the high level of development expenditures which is essential in the field of high-technology telecommunications. This field is characterized by very large, costly and time-demanding development projects.

#### **TEN MAJOR INTERNATIONAL COMPETITORS**

Ericsson is among the four largest suppliers of telephone exchange equipment. The difference between its market shares and those of the three largest companies (AT&T, ITT and Siemens) has decreased in recent years. The remaining competitors have market shares that are considerably smaller than Ericsson's. Northern Telecom

of Canada has, however, been successful in gaining a position in the U.S. market.

The possibility of obtaining local production and a transfer of technical know-know often constitutes an important demand on the part of customers. Because Ericsson has been manufacturing in many countries for a long time, and has substantial experience in transfer of technology, it is able to meet these demands.

The ability to offer acceptable credit terms is an important competitive element. Ericsson's ability to meet this type of requirement is strengthened by the fact that its operations are decentralized to many countries, providing opportunities to utilize the export credit systems of various nations.

#### **FURTHER DEVELOPMENT OF THE AXE SYSTEM**

The ability to quickly utilize new technology is of great importance in maintaining the competitiveness of Ericsson products. The AXE system is being

further developed continuously in this manner. The basic prerequisite for this continuous development was created when the Company selected a modular, flexible system structure that could easily be adapted to new requirements.

In recent years, Public Telecommunications has worked closely with the Components Business Area on the design and manufacture of integrated circuits with very high "information"



*Quality requires realism in establishing goals that can be reached. And then following up to make sure they really are achieved. Quality is measured in the number of goals reached.*

density. The new circuits have made it possible to sharply reduce the dimensions and power consumption of the AXE system.

A number of innovations were introduced during the year, notably a new central processor which increases the capacity of the system by a factor of six while its volume has been reduced to 15 percent of that of earlier versions. No competitor has yet offered a processor of equal capacity.

As a result of the continuous updating

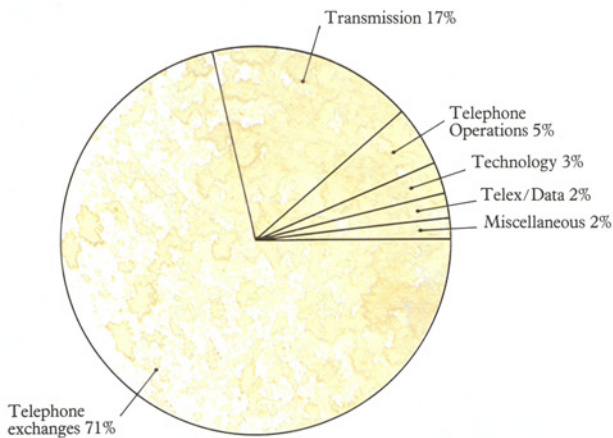
of its hardware, and with its distinctive and thoroughly proven software, AXE is well positioned relative to the new systems that are now being introduced. The percentage of software in products of the Public Telecommunications Business Area will continue to increase.

New products were developed and introduced in the transmission sector as well. These include digital transmission systems designed for the North American market and high-capacity terminals for fiber optical communi-

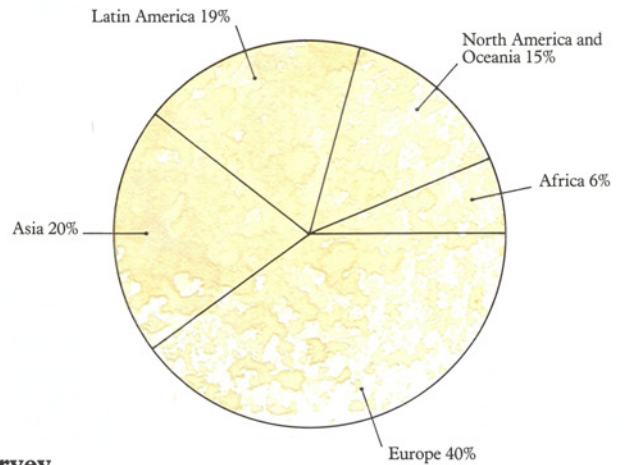
tions systems. Together with the Cable Business Area, Public Telecommunications offers a complete program for fiber optical transmission.

System planning is being focused on the Integrated Services Digital Network (ISDN), which will handle not only voice, but data, text and images as well. The modular construction of the AXE system makes it easy to adapt and develop the system to meet the new demands being imposed on telecommunications networks in preparation for the 1990s.

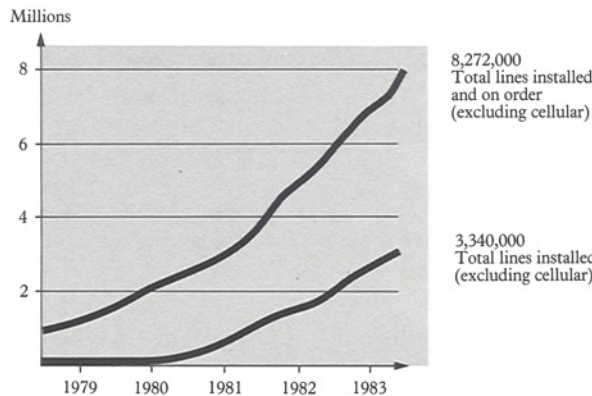
**Sales by Products**



**Sales - geographical**



**AXE World survey  
Year end 1983  
(incl. licences)**



# Integrated Information Handling

**D**emands for efficient information handling are increasing. As a result, a new industry is emerging, based on integration of data processing, office automation and telecommunications. The telecommunications part is viewed as the critical element; today's communications networks must not only handle telecommunications in the traditional sense of the term – the transmission of voice, data and images – but must also provide access to distributed computers.

A number of companies are working in various ways to create positions for themselves in information technology. We have the traditional, large computer manufacturers who are seeking to acquire communications know-how through their own development work and through cooperation agreements; and we have certain telecommunications companies, including Ericsson, who – based on their telecommunications know-how – are building products and markets in the field of information handling.

Ericsson's business concept focuses on the combination of distributed data processing, work terminals and telecommunications. The personal computer made its breakthrough in the market during 1983 and this underscores the importance of the orientation towards work stations that we chose, and confirms the trend towards less dependence on large central computers.

The Information Systems Business

Area had sales of Skr 7.2 billion in 1983, with its dominant market in Europe. Its profitability targets have not yet been reached, although operating results improved considerably, and more rapidly than had been foreseen when the investments were begun.

### PRODUCT INTRODUCTIONS ON A BROAD FRONT

Ericsson Information Systems, the largest unit in the Business Area, is now divided into four sectors: Communications Systems, Business Systems, Terminal Equipment and Office Equipment. The Business Area also includes companies engaged in the development and marketing of specialty products.

Communications systems include the MD 110 digital subscriber exchange (PABX), the ERIPAX data transmission system and ERIMAIL, a system for storing and transmitting text. They constitute the base for systematized information handling and are supplemented by terminals and computer systems. Intensive development work is under way and this sector is expected to continue to grow in volume at a rate of at least 20 percent annually during the next few years.

In the United States, Ericsson is gaining technical and marketing experience from the integration of communications and terminal equipment. A supply agreement has been concluded with the U.S. company, Honeywell, Inc., covering the resale of the Business Area's communications systems



HAKAN LEDIN

through Honeywell's marketing organization. A joint venture development company has also been formed to adapt these systems to American requirements and to further develop them. This company employs 150 qualified engineers.

A new minicomputer system, the Series 2000, was developed in the Business Systems sector. The first application, the 2100 version, combines bank terminals and minicomputers, enabling Ericsson to offer systems for customers' "back office" functions as well as terminals for teller and automated transactions. Ericsson's bank terminal system, introduced recently, has been well received in the market. Large orders, totaling more than Skr 700 million, have been received from Skandinaviska Enskilda Banken and the Swedish savings banks.

An agreement was signed with Sperry Corp. (U.S.), covering the marketing, parallel with Ericsson, of the new bank terminal systems in Europe (excluding the Nordic area) and Southeast Asia.

The Terminal Equipment sector, which includes data terminals, personal computers and typewriters, is also characterized by very strong expansion. Sales increased 50 percent in a single year, largely due to the Alfaskop termi-

**BUSINESS AREA INFORMATION SYSTEMS**  
(Skr millions and percentages of Group totals)

	1983		1982	
Sales	7,166	28.4%	4,410	22.7%
Order bookings	7,823	30.0%	4,130	18.3%
Personnel	19,318	27.8%	13,239	20.4%

nal, which was further developed and gained larger market shares. Alfaskop's market share ranks second in Europe, after IBM's comparable terminal system.

The growth in the market for office equipment is smaller than that for terminals. Ericsson's growth in this area is more rapid than the market's as a whole, however. The combination with other parts of the product line and the Business Area's well developed distribution channels give it a lead over its competitors. The sector sells calculators, office furniture and telephone instruments. It is counting on a long-term growth rate of close to 10 percent, calculated in volume.

The Business Area also includes Auto-Tank, a company which develops and markets payment terminals and systems for gasoline stations. This company's products have been well received in the market and the unit is developing well.

Ericsson Security and Tele Systems AB develops and markets alarm and security systems, intercom systems and time-recording systems. The company has had favorable growth in Sweden and its international operations are being built up.

Facit Data Products develops and sells peripheral equipment, primarily printers. A framework agreement was signed with Memorex in the U.S. covering the supply of printers in an amount of Skr 500 m. during a three-year period.

Software is becoming increasingly important in the development of information systems. Ericsson is developing software houses together with AB Programator, an associated company. Ericsson Programatic, which is owned jointly with Programator, conducts software house operations in more than ten countries. These operations are growing rapidly and provide an important supplementary contact with the market for other products supplied by the Business Area.

**CONTINUING MARKET CULTIVATION**

Because of Ericsson's know-how in telecommunications and data processing, we have a very good platform for growth – compared with many competitors – where the gradual integration of various parts of information systems is concerned. Very few of our competitors have access to this combined know-how within their own organizations. They therefore have to seek co-operation with other companies to

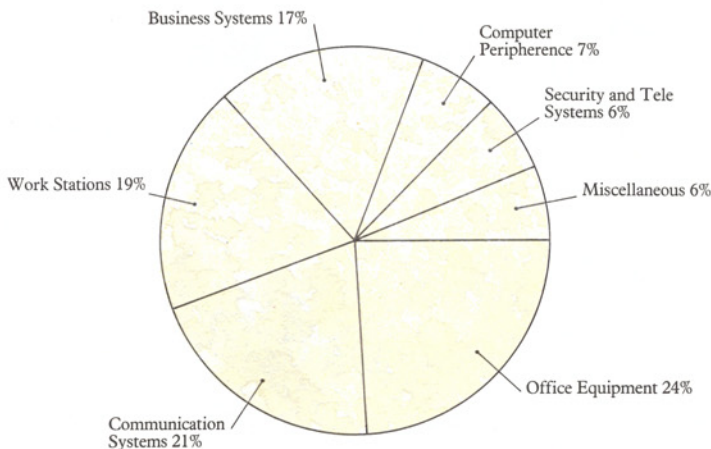
achieve the coordination that is necessary in this area.

Our business concept, which is directed towards selling complete integrated systems towards the end of the 1980s, requires a stable customer base. We are therefore continuing the rapid development of Ericsson's sales organization in Europe. The sales companies in the Nordic countries are developing well, in terms of both growth and earnings. We are continuing our efforts to quickly strengthen our position in Great Britain, France and Italy. The expansion in West Germany has been particularly rapid.

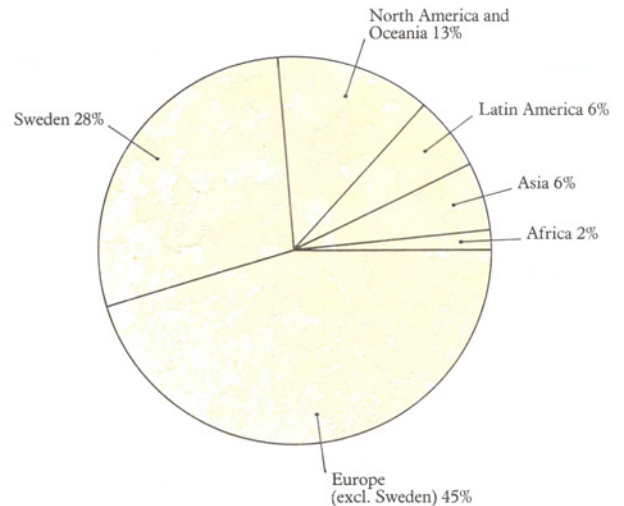
New business opportunities are being created as a result of the change that is taking place in the telecommunications market in the United States. There, in contrast to our marketing strategy in Europe, we are concentrating on the sale of fewer products, with emphasis on the communications field.

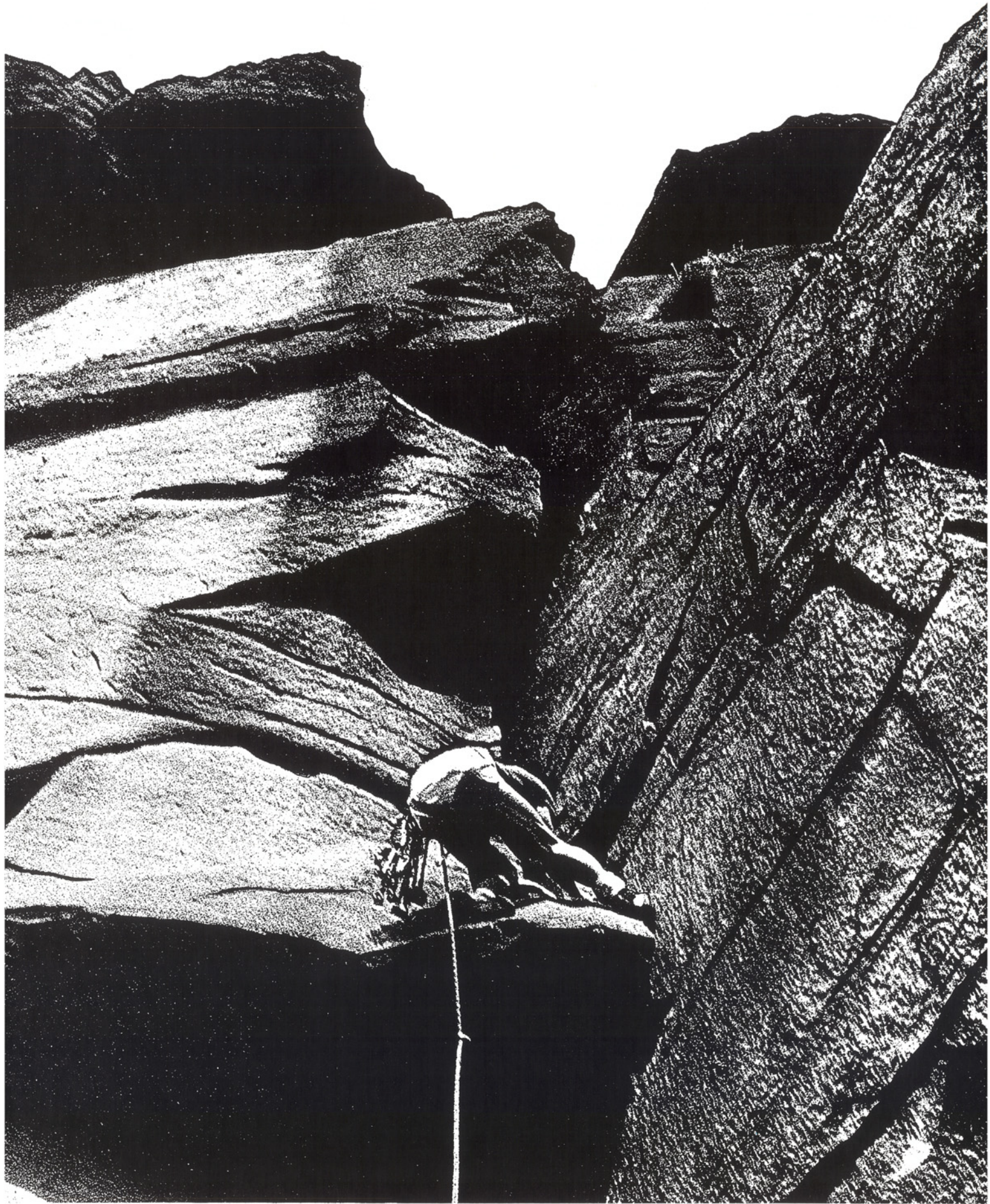
The Business Systems, Terminal Equipment and Office Equipment sectors were the primary contributors to the favorable development of the Information Systems Business Area, while the Communications sector continues to incur very heavy development costs. These expenditures will result in sharply higher sales of newly introduced systems in 1984.

**Sales by business units**



**Sales – geographical**





*Quality demands discipline. And the concentration of all energies on the task at hand.*

# Dependent on Economic Conditions

The Cable Business Area, including its associated companies, is one of the world's ten largest cable manufacturers. Like most of our major competitors, we produce both telecommunications and power cable. The production units are mainly located in Sweden, the United States and Latin America. We also have associated companies in Australia, Norway and Iran.

The cable industry throughout the world, which has had substantial excess capacity for a number of years, is now adjusting its capacity.

Cable and wire for power transmission, which accounts for 80 percent of the total market for cable, is highly dependent on the trend of the economy for housing construction, power plants and heavy industry. Telecommunications administrations are the largest customers for telecommunications cable. Specialty cables, including those designed to meet unusually high requirements in terms of resistance to wear and heat, as well as fire safety, are sold to a number of different industrial users.

## THE AMERICAN MARKET

Improving economic conditions in the United States had not yet had an effect on our sales by the end of 1983. The market was depressed, with declining volumes and lower prices. Specialty cable products, where our sales efforts were successful, were an exception.

The breakup of the AT&T system, which earlier completely dominated telecommunications in the U.S., gives in-

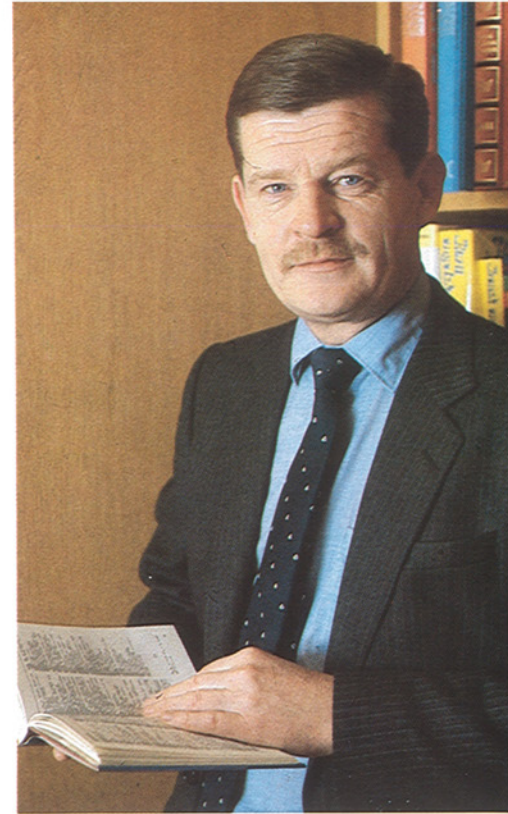
dependent cable producers an opportunity to sell to the various Bell operating companies. Our objective is to establish ourselves as suppliers to them, and we have already received orders from a number of Bell companies.

The market for telecommunications cable is dominated by Western Electric, the AT&T company, which alone accounts for 80 percent of the sales in the U.S. There are also a number of smaller manufacturers.

As a result of the poor market conditions, our American operations were unprofitable again in 1983. The trend of operating results is favorable, however. The number of employees has been reduced, capacity has been cut and the product line has been trimmed. Conditions have thereby been created to take advantage of the current improvement in the economy to achieve satisfactory earnings, in any event over the long term.

## SWEDEN

Conversion to electric heating created some increase in demand for power cable during 1983. In contrast, growth in the Swedish telecommunications network is slow, and reductions were made in production and in administrative facilities. As was the case in the U.S., the market for specialty cables was firm. Further rationalization measures will be implemented in the Swedish operations, as a result of which profitability will be improved. Deliveries of cable for use in the automotive industry rose substantially during the year.



JAN STENBERG

## LATIN AMERICA

Operations of the Cable Business Area in Latin America were affected by economic problems in the region. However, our associated company in Mexico has recovered with surprising speed following the acute problems in that country in 1982. Our Colombian subsidiary also developed favorably.

The economic problems in Brazil have had a severe impact and 1983 was a poor year for our subsidiary in terms of operating results. In Argentina, economic and political conditions have created great uncertainty but our company's operating results were relatively good.

The associated company in Norway is showing good earnings, while the company in Australia is not yet meeting profitability requirements, although its operating results are considerably better than earlier.

## EMPHASIS ON OPTICAL TECHNOLOGY

The most rapid growth in optical technology is occurring in the areas of telecommunications and information handling for factories and offices. We are concentrating a large part of our development work on fiber optics and are producing both fiber and cable. Fiber optical products are being developed to meet the requirements of the telecommunications and data process-

BUSINESS AREA CABLE  
(Skr millions and percentages of Group totals)

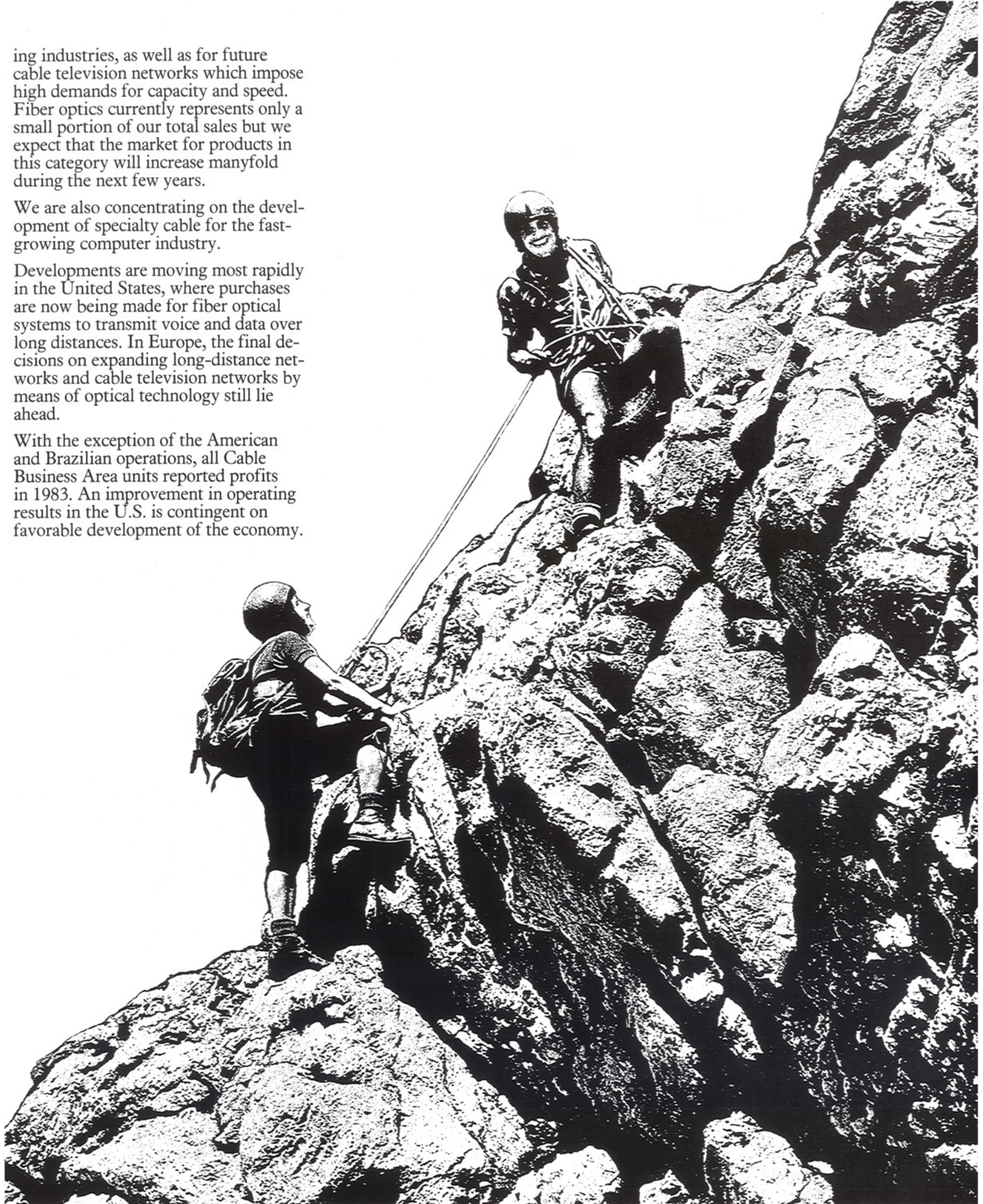
	1983		1982	
Sales	3,526	14.0%	3,510	18.0%
Order bookings	3,568	13.6%	3,570	15.8%
Personnel	5,670	8.2%	6,221	9.6%

ing industries, as well as for future cable television networks which impose high demands for capacity and speed. Fiber optics currently represents only a small portion of our total sales but we expect that the market for products in this category will increase manifold during the next few years.

We are also concentrating on the development of specialty cable for the fast-growing computer industry.

Developments are moving most rapidly in the United States, where purchases are now being made for fiber optical systems to transmit voice and data over long distances. In Europe, the final decisions on expanding long-distance networks and cable television networks by means of optical technology still lie ahead.

With the exception of the American and Brazilian operations, all Cable Business Area units reported profits in 1983. An improvement in operating results in the U.S. is contingent on favorable development of the economy.



*Quality is the result of many years of effort, planning and training. Each team member knows what the objectives are — and how to reach them.*

# Based on Swedish Defense Requirements

The Defense Systems Business Area is divided into the following sectors: avionics, local mobile defense systems, control systems and tactical and strategic communications. The control system product group is the smallest, accounting for ten percent of invoicing, while the others are about equal in size. The products are often large, complicated systems that take a long time to negotiate and which involve long contract periods. Due to the high demands imposed on their reliability, precision and long life, price often is not the most important competitive factor.

Because of the emphasis on high technology and electronics, development costs constitute as much as 20 percent of the Business Area's invoicing. Defense Systems also benefits from development work — related primarily to telecommunications and radio communications — in other sectors of the Ericsson Group.

The primary objective is to meet the requirements of the Swedish Defense Materiel Administration for high-technology products within our areas of specialization. Consequently, much of the development work is carried out for Swedish applications.

## NEW MILITARY AIRCRAFT

During the spring of 1983, the Swedish Parliament confirmed its approval of a new multi-role military aircraft, the JAS 39 Gripen. Ericsson has a 20 percent share of the total project, which means that a substantial part of the work in avionics will be concentrated

on developing equipment for the new aircraft.

## THE MOST IMPORTANT MARKETS

Outside Sweden, Western Europe, the Middle East and Southeast Asia are the Business Area's most important markets. Growth in these markets has been weak in recent years. A number of major procurement projects are expected in the next few years, however. This is one of the reasons why our sales efforts in Southeast Asia have been strengthened.

The product group that is most dependent on the domestic market is the avionics sector, which is now engaged mainly in development and production for Swedish military aircraft.

Sales opportunities outside Sweden are limited, in part because it is difficult to adapt the equipment to other aircraft and partly because aircraft manufacturers prefer domestic suppliers. The possibility of obtaining new markets through cooperation with local manufacturers is being explored, however.

The local mobile defense system group includes advanced land- and ship-based radar systems. There is substantial demand in the world market, notably for the mobile and adaptable "Giraffe" tracking radar. Intensive development work is under way in the radar field.

The control systems product group reported less satisfactory earnings, due mainly to low invoicing, but there is rising demand for this type of information system for military use.

Tactical and strategic communications is considered one of the areas which

has substantial opportunities to develop sales outside Sweden. This sector produces rather large military radio and telecommunications networks that meet very high requirements for protection against interference, and for reliability. These networks include a military version of the AXE switch.

The market for countermeasure systems in various areas of technology is increasing. These systems interfere with, or disrupt, systems used for target-seeking or communications.

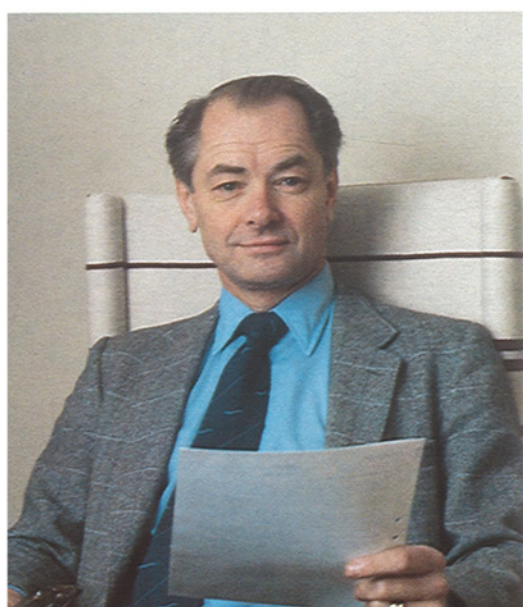
## FRAGMENTED PATTERN OF COMPETITION

The pattern of competition is not uniform. We meet different competitors in various product groups. Like our Defense Systems Business Area, they are often units that are parts of large electronics companies. We have a distinct lead over our European competitors in the field of airborne radar.

The Business Area is continuing to show an even trend of profitability which is higher than that of the Group as a whole.

The electronic content will continue to increase in future defense systems and the handling of information in technically more advanced weapon systems will assume greater importance. As a result, demand for most of our product groups will rise.

With deliveries to the Swedish Armed Forces as a base, the objective is to increase the percentage of sales outside Sweden. This will occur through continuing cooperation with other Ericsson Business Areas, as well as with Swedish and foreign partners.



ULF H. JOHANSSON

## BUSINESS AREA DEFENSE SYSTEMS

(Skr millions and percentages of Group totals)

	1983		1982	
Sales	1,517	6.0%	1,530	7.9%
Order bookings	1,685	6.4%	3,450	15.3%
Personnel	3,961	5.7%	3,939	6.1%





*Quality means that everyone makes a solid contribution. So that the path to the top becomes the simplest and safest. When all are equally dedicated to reaching a common goal, the individual load becomes lighter.*

# Mobile Telephony, a Rapidly Expanding Area

The Business Area is a world leader in the systems field, with installations in service or on order in 12 countries.

## **STRATEGICALLY IMPORTANT ORDERS**


During 1983 an order valued at Skr 300 m. was received in Great Britain, covering equipment for one of two mobile telephone systems to be installed in that country. The order was won in competition with AT&T and Motorola, two American companies.

Strategically important orders were booked in the United States. An order from the Buffalo (N.Y.) Telephone Company for a small mobile telephony system was followed by a contract from Rogers Radiocall, a subsidiary of the Metromedia Group, to supply a system in Chicago. Many other private operating companies will start similar networks in order to compete with Bell companies. The U.S. is estimated to account for half of the world market and is therefore an important region for the Business Area.

The AXE exchanges and the Business Area's know-how in radio communications constitute the base for the success of Ericsson's mobile telephony system. Our delivery of equipment for the Nordic Mobile Telephone network (NMT) – the largest in the world today, with more than 70,000 subscribers – has also provided important experience.

During 1983 we purchased Magnetic, a Swedish company that manufactures base station equipment for mobile telephony.

We also sell mobile telephone instruments, but the competitive factors in this sector are totally different from those in the systems sector. Long-series production and efficient distribution are decisive. Competition, from around 20 manufacturers, is severe. The Business Area has 20 percent of the Nordic market today.



The Radio Communications Business Area operates in the field of wireless communication for civil applications. Its activities are divided into the following sectors: mobile telephony, mobile radio, personal paging systems and microwave communications. Mobile telephony is by far the area of greatest expansion.

A complete mobile telephony (cellular radio) network consists of two main parts. One is the fixed system, with related exchanges, base radio stations and transmission equipment. The mobile telephone units comprise the second part. The local telephone operating companies or administrations normally purchase the fixed systems, while the mobile telephones are sold directly to subscribers.

*Quality is a prerequisite in all projects. It demands the participation of everyone. It creates awareness.*



AKE LUNDQVIST

**COMPLETE SYSTEMS FOR MOBILE RADIO**

Mobile radio systems account for 30 percent of the Business Area's invoicing. The product program includes both mobile and portable units as well as fixed base stations and radio switching systems. Complete systems are sold to public agencies and companies with widely dispersed operations. Demand for computer-supported systems is increasing. One example is our taxi fleet supervisory system which has now been installed in Sweden and Norway.

**CITYWIDE SYSTEMS FOR PERSONAL PAGING**

In the personal paging field, the Business Area is continuing the coordination of its Swedish operations with those of the NIRA subsidiary in Holland, where a highly automated pro-

duction line has been placed in service. We currently have 40 percent of the European market and the objective is to further increase our share. The growth in volume of sales of local paging systems is relatively small but demand for citywide and nationwide systems is rising sharply. At year-end we received a contract from the Swedish Telecommunications Administration to develop citywide systems in Stockholm, Gothenburg and Malmö. These products will be marketed throughout the world. Invoicing in this segment accounts for 15 percent of the Business Area's sales and we view the field as increasingly important.

Microwave communications comprise radio links as well as earth stations and other equipment for satellite communications.

We received an order valued at Skr 200 m. for the Nordic Tele-X satellite and aim to become the communications systems coordinator for future satellite projects in the Nordic countries. Satellite communications is considered a strategically important area for the entire Ericsson Group and development work in this field is therefore being given high priority.

**OUR SYSTEMS KNOW-HOW GIVES US A LEAD**

Despite continuing large investments in marketing and product development activities, the profitability of the Business Area improved and is approaching the objectives that have been established.

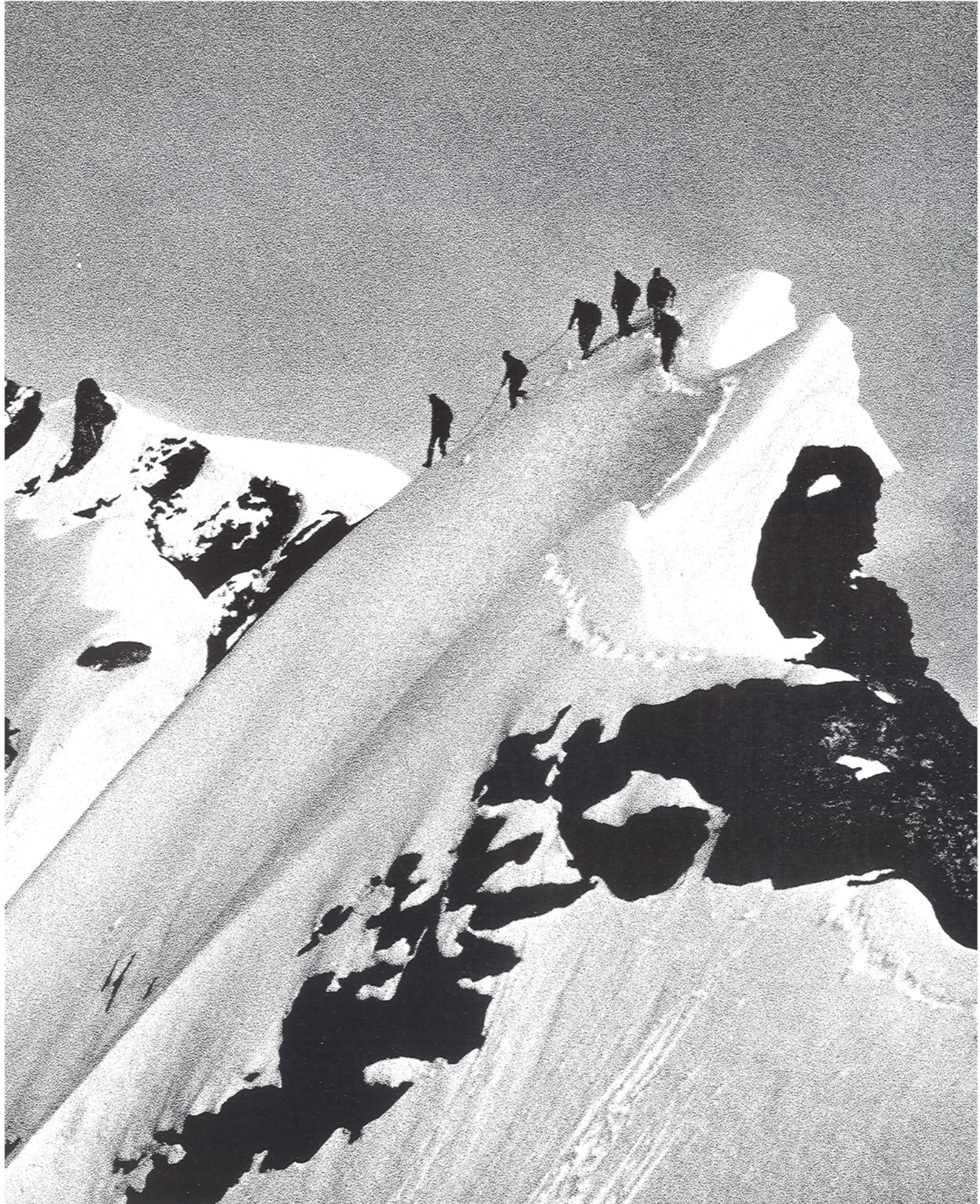
Competition is severe in the sector for terminals serving mobile telephones, personal paging systems and mobile radio systems, but we are strengthening our position by concentrating on long-series production and efficient distribution. Our systems know-how is of great importance to the Business Area. We are one of the few companies in the world with immediate access to know-how in the fields of both radio and telecommunications. In this respect, we have a distinct lead over most of our competitors.

The rapid growth of the Business Area is increasing the need to supplement our own research and development through access to other sources. A prerequisite for this is greater cooperation with universities and colleges. As part of this type of cooperation, a development department for radio communications has been established in southern Sweden. The site was chosen to facilitate cooperation with engineers at the Lund Institute of Technology.

**BUSINESS AREA RADIO COMMUNICATIONS**

(Skr millions and percentages of Group totals)

	1983		1982	
Sales	1,469	5.7%	990	5.1%
Order bookings	1,782	6.8%	1,260	5.6%
Personnel	3,998	5.7%	3,150	4.9%



*Leading a group means more than going first. Quality is reflected in concern for others, in the ability to choose the route all members are best qualified to take. Quality also means supporting members of the team to develop their personal capabilities.*

# Capacity for Complex Telecommunications Networks

This Business Area comprises local networks for telecommunications authorities, complex telecommunications systems for other customers, network operation and maintenance, and railway, street and highway signaling systems. We deliver complex turnkey systems and have accordingly specialized in project management, planning and construction work. System deliveries include equipment and materiel from a number of Ericsson Business Areas. Materiel and equipment can also be supplied exclusive of installation.

## CUSTOMERS IN THE THIRD WORLD

Customers for local telecommunications networks are often located in the Third World, where it is not possible for the local authorities to handle such work themselves. Pricing, financing and technical approach are the most important competitive factors. The competitors are often local contractors and such large telecommunications companies as Siemens, Philips and the Japanese firms. In the industrialized countries, the telecommunications authorities themselves handle network construction operations.

Such countries as Thailand, Malaysia and Indonesia, as well as some in the Middle East, can be considered growth markets for network construction. In all, we sold networks and materiel valued at Skr 1,400 m. to telecommunications administrations during 1983. In recent years the number of purchases of local networks by the administrations has been low.

## TELECOMMUNICATIONS NETWORKS FOR COMPANIES

The other sector of our operations – complex networks for customers other than telecommunications administrations – is expanding much more rapidly. The customers in developing countries are major corporations or public agencies whose operations extend over great distances. Oil companies, power distribution companies and communications organizations are typical examples.

Industrial countries where companies have high requirements – in terms of speed and capacity in telecommunications networks – constitute other attractive markets. This is particularly true in the United States since the monopoly with respect to local telecommunications service has been broken. As a result, companies and organizations now have greater possibilities to operate networks of their own that meet their needs.

To date, our operations in the field of complex telecommunications networks have been limited. Sales in 1983 totaled Skr 100 m. However, because of our systems know-how and the market situation we have described, we have reason to count on rapid expansion.

## ADVANCED SIGNALING SYSTEMS

In the railway signaling sector, the Business Area has invested in strong development of new systems employing electronic, computer-controlled switchgear, as well as advanced computer systems for automatic train con-



BJÖRN LINTON

trol. The Nordic countries have converted to a new signaling technology and we anticipate that the railway authorities in other countries will follow. In the U.S., contact has been established with a subsidiary of Swedish SAB-NIFE, Harmon Industries, Inc., which is active in the railway signaling field.

## FINANCING IS A COMPETITIVE TOOL

Financing is an extremely important competitive tool for the Business Area. Many of the customers we have – or are cultivating – are in countries for which banks and other credit institutions will not issue guarantees. As a consequence, payment in the form of goods – and even services – will become increasingly common in the future.

## BUSINESS AREA NETWORK ENGINEERING AND CONSTRUCTION

(Skr millions and percentages of Group totals)

	1983		1982	
Sales	2,160	8.6%	1,462	7.5%
Order bookings	1,547	5.9%	1,660	7.4%
Personnel	5,088	7.3%	4,958	7.6%

# Strategic Know-how

The Components Business Area produces components and power equipment for the electronics industry. Its largest customer is the Ericsson Group, which buys 40 percent of the production. With the RIFA subsidiary as its largest segment, the Area operates through four product groups: capacitors, power equipment, microcircuits and hybrid circuits.

As a result of our strong link with Ericsson, we have become a leading supplier of components to the telecommunications industry, but we also have customers in other industries.

Microcircuits are the most important sector where the Ericsson Group is concerned. We produce highly advanced circuits in VLSI (Very Large Scale Integration) technology adapted to customer requirements. The trend in the world market is for microcircuit manufacturers to be acquired by larger electronics firms which need know-how in this field, as well as assured supplies. As a consequence, there are few independent manufacturers of advanced microcircuits left, which increases the strategic importance of our having this know-how within the Group.

## GOVERNMENT SUBSIDIES

Government subsidies to companies that produce microcircuits are large in many industrialized countries. These subsidies are in the form of direct contributions or directed purchases of technology. Despite this, few microcircuit manufacturers show satisfactory profitability.

The Swedish Government is investing Skr 700 million in a national micro-

electronics program as a means of increasing knowledge in this field. The program includes training, research and industrial development work, the latter to be handled in association with Swedish industry. We believe this program will offer valuable support to developments in the area of microelectronics in Sweden.

Developments are moving very rapidly. The number of functions in each microcircuit is increasing and new materials are being used to boost the products' capacity. During the year, RIFA introduced circuits with gallium arsenide as their base material. These highly advanced circuits are being used as components in fiber communications, among other applications. The market for microcircuits is expanding by 20 percent annually.

The rapid change in the field will require large investments in development work and machines in the years immediately ahead.

## GREATER MARKETING EFFORTS

The hybrid circuits sector, with 10 percent of total sales, is the Business Area segment which is most dependent on orders from the Ericsson Group. Sixty percent of the sector's deliveries are to customers within the Group, but it also has other telecommunications companies as customers.

Capacitors account for 35 percent of sales. There are many small producers in this market, as well as such large ones as Philips, Siemens and Roederstein. We have three percent of the world market but expect to increase this through more intensive cultivation of customers in the United States and Western Europe.

Power equipment, which consists mostly of power supplies for telecommunications systems, produces 30 percent of the Business Area's sales. Half of the invoicing is to other units within the Group. The world market for power equipment is expanding at a rate of 15 to 20 percent per year.

## NEW PRODUCT AREAS

With the aid of microcircuit and hybrid circuit technology, we have developed a power module for electronic equipment. Its properties are such that we anticipate a strong rise in sales during the next few years. Displays represent another attractive growth area in which we are broadening our product line. Market growth in this field is expected to be greater than 30 percent annually in the years immediately ahead.

To meet the strict requirements for cleanliness, precision and quality in manufacturing, we are continuing our investments to automate production.

## TECHNOLOGY AGREEMENT

RIFA and Advanced Micro Devices (AMD) in the U.S. have concluded an agreement whereby the two companies will exchange circuit designs. The agreement pertains to each company's original designs of microcircuits in subscriber line equipment in telephone exchanges. These circuits are specially designed to meet future requirements in digital telephone exchanges.

## FAVORABLE PROSPECTS

The Business Area's role as a developer of technology for the Ericsson Group means that certain long-term projects have to be given priority over short-term profitability. This applies to microcircuit technology in particular. In the three other product groups, the prospects for stable profitability in the near future are favorable.

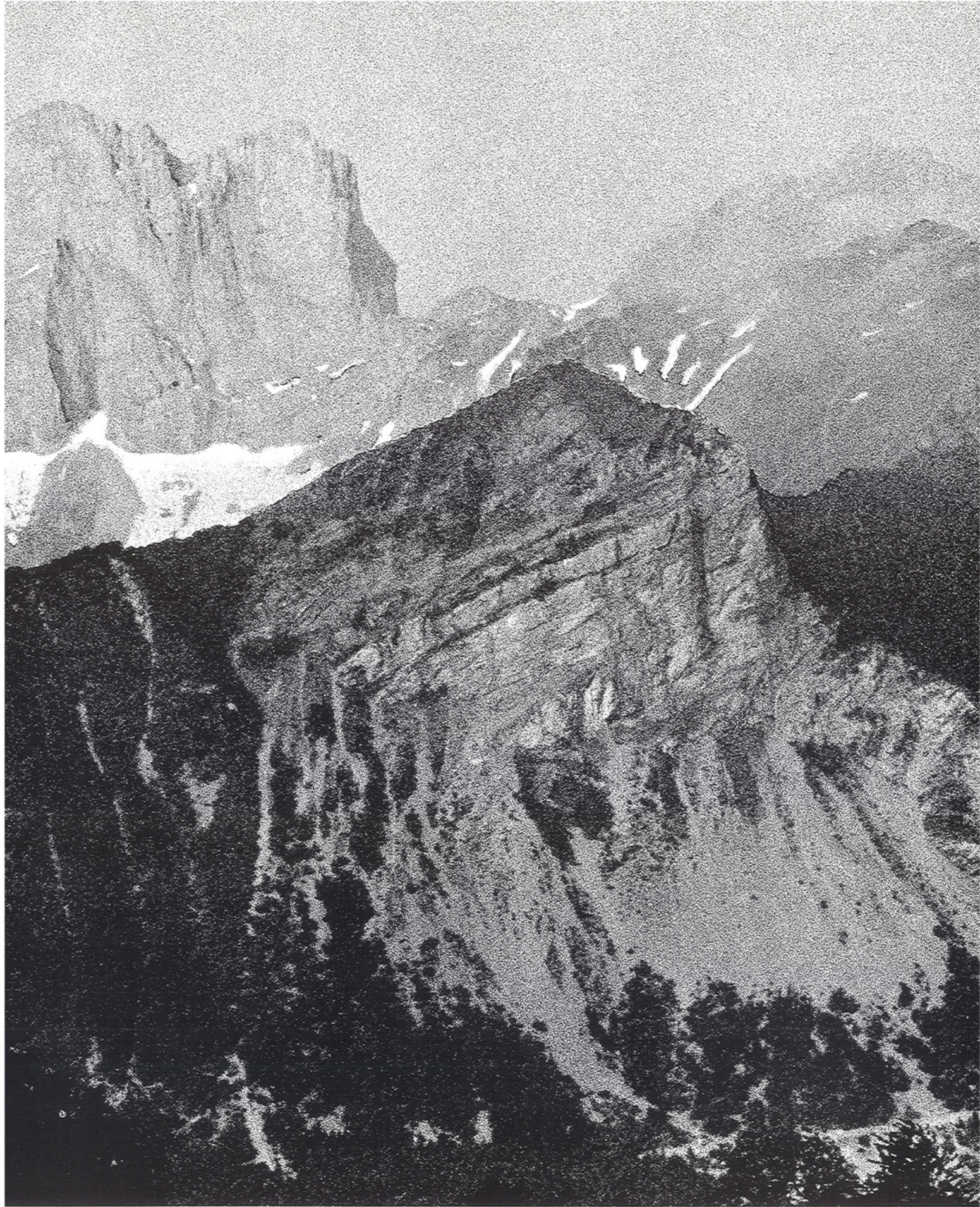


STIG LARSSON

## BUSINESS AREA COMPONENTS

(Skr millions and percentages of Group totals)

	1983		1982	
Sales	654	2.6%	469	2.4%
Order bookings	714	2.8%	550	2.4%
Personnel	3,263	4.7%	3,097	4.8%



*In a changing world, there are always new challenges. Quality means being ready to tackle them whenever they arise.*

# Board of Directors' Report

## GROUP OPERATING RESULTS

Group sales totaled Skr 25,244 m., an increase of Skr 5,775 m., or 30 percent, over 1982 invoicing. The Facit companies, acquired January 1, 1983, accounted for 10 percentage points of the increase.

Order bookings amounted to Skr 26,142 m., 16 percent higher than in 1982. It may be noted that exceptionally large defense orders were received in 1982.

Group income before appropriations and taxes was Skr 1,758 m. (1982: Skr 1,350 m.). Minority interests in operating results before appropriations and taxes amounted to a loss of Skr 30 m. (Skr 310 m.).

Other operating revenues in 1982 included a capital gain of Skr 105 m. on the sale of property by Sieverts Kabelverk AB. There was no corresponding item in 1983 revenues.

Group net profit, after deductions for taxes paid amounted to Skr 34.46 per share, compared with Skr 25.05 in 1982. After deductions for taxes paid and estimated deferred taxes on appropriations, net profit was equal to Skr 22.05 per share in 1983, as against Skr 17.13 in the preceding year.

The Group's share of the market for telephone exchanges has continued to rise, due to the successful AXE switching system. At year-end 1983, administrations in 49 countries had ordered exchanges of the AXE type. In the rapidly expanding market in the Far East, AXE exchanges have been ordered in the Peoples' Republic of China, the Republic of Korea, Malaysia and Thailand, among other countries.

In the Public Telecommunications Business Area, substantial improvements in earnings were achieved in Mexico, Italy and Spain.

AXE technology is also providing the base for the Group's success in mobile telephony (cellular radio), in which Ericsson's sales tripled during 1983. Strategically important contracts for

mobile telephony systems were received in Great Britain and the United States. The operating results of Ericsson Radio Systems, which includes the greater part of the Radio Communications and Defense Systems Business Areas, improved substantially.

The bank terminal systems introduced by Ericsson Information Systems during the year were very well received in the market. Large orders were received from Skandinaviska Enskilda Banken and from the Swedish and Finnish savings bank associations. Sales of the work station sector, which supplies data terminals, personal computers and typewriters, increased 50 percent. The increase was largely attributable to the Alfaskop terminal, which has been further developed and whose market shares have increased.

Operating results of the Information Systems Business Area, which now also includes the Facit companies, developed favorably. However, this Business Area's operations in the United States were charged with continued large costs of investments for the development of new products and expansion of its distribution organization. However, as a result of the agreement entered into with Honeywell, Inc. during the year, this company participated in the Group's development costs.

The upturn in the American economy affected only to a very slight degree the situation in the cable market; as a result, Ericsson, Inc.'s cable division continued to report a substantial loss, but one which was considerably smaller than in the preceding year. The loss on total operations in the U.S., calculated in dollars, was reduced by 40 percent. As a consequence of the stronger exchange rate for the U.S. dollar, the reduction was smaller when calculated in Swedish kronor. The Group's share of the loss in Ericsson, Inc., in which it holds a 50 percent interest, was Skr 225 m. Of this amount, Skr 135 m. occurred in the cable operations.

Due to the devaluation of the Brazilian cruzeiro in February, 1983, the

Group's share of income in Ericsson do Brasil, an associated unconsolidated company, was reduced sharply, compared with the preceding year. Income of the Group's cable company in Brazil was also affected adversely by the change in exchange rates.

The Group has adopted the American FAS 52\* in translating the accounts of foreign subsidiaries. As a result, the Group's equity has been reduced by a translation difference of Skr 23.2 m. without affecting income. The income statement and balance sheet for the preceding year have been restated for full comparability. As a result, Group equity in 1982 increased by Skr 136.5 m. and profit before appropriations and taxes increased by Skr 13.0 m.

Foreign exchange differences shown in the income statement have been divided into "financial" and "operations-related." The operations-related differences have increased the cost of goods sold while the financial differences are included among financial expenses. The purpose of this distribution is to permit the financial expenses item to reflect as accurately as possible the cost of capital supplied externally, while providing a clearer picture of the operating income and the trend of margins.

## FINANCING

Group assets increased by Skr 4,869 m., to Skr 30,606 m. Of this increase, Skr 1,721 m. is attributable to the acquisition of the Facit Group.

The rate of capital turnover improved and the ratio of capital employed to sales decreased from 1.32-to-1 to 1.21-to-1. Inventories decreased to an amount equal to 30 (34) percent of sales, but accounts receivable increased to 34 (32) percent of sales.

During the year the Parent Company effected an issue of "B" shares restricted to investors in the American market. The issue, which comprised 4,000,000

\* Accounting recommendation issued by the Financial Accounting Standards Board in the U.S.



shares and yielded \$240 m., was the largest ever made by a foreign company in the U.S. Of the proceeds of this issue, \$163.7 m. had been utilized at year-end to consolidate loans and for investments within the Group. The remaining amount, \$76.3 m., was placed in interest-bearing time deposit accounts.

In addition to that which occurred through the increase in equity capital, financing of the Group's increased assets occurred through a rise in commercial debt and other current liabilities.

The Group's solidity (equity/assets ratio) improved. The American share issue was the main contributing factor, along with the conversion to shares of a portion of a debenture loan (\$4.9 m.) and payments received from minority shareholders in connection with new issues of shares (Skr 382 m.). In calculating solidity, half of the untaxed reserves are often treated as a deferred tax liability, while the other half is treated as equity. Based on this method of calculation, solidity increased from 26.9 percent to 31.4 percent. From a financial viewpoint, there is no valid cause to consider that there is a deferred tax liability in untaxed reserves, since there is no reason to assume that these reserves will be subject to taxation within a reasonable period. Excluding consideration of deferred tax liability, Group solidity amounts to 38.5 (33.9) percent.

With a view to supporting Group sales, mainly of products within the Information Systems and Radio Communications Business Areas, financing arrangements will be handled by a subsidiary, Aktiebolaget LM Ericsson Finans. The operations of this company will be activated intensively in connection with both domestic and foreign sales.

The effects of the devaluation of the Swedish krona in October, 1982 were deferred due to the securing of currencies under forward contracts that had been entered into prior to the devaluation. During the year these forward

contracts were gradually terminated as payments were received for the supply contracts which had been secured through forward trading.

#### INVESTMENTS

Group investments in buildings, machinery and equipment amounted to Skr 1,714 m. (Skr 1,697 m.). These figures include Skr 69 m. (Skr 35 m.) accruing to the Group as a result of acquisitions of companies during the year. Swedish companies accounted for Skr 932 m. (Skr 932 m.) of the Skr 1,645 m. (Skr 1,662 m.) in new investments. The largest investments were made by the Parent Company (Skr 324 m.), Ericsson Information Systems Sverige AB (Skr 153 m.) and Ericsson Radio Systems AB (Skr 123 m.). Investments in other countries amounted to Skr 713 m. (Skr 730 m.), of which Skr 138 m. was invested in Italy, Skr 85 m. in the U.S. and Skr 72 m. in Argentina.

#### PRODUCTION

The volume of electronic production in the Parent Company continued to increase and now constitutes more than 90 percent of the total value of telephone exchanges manufactured. The labor content of telephone exchanges is decreasing gradually as a result of changes in design methods as well as in production and technical procedures.

Thus, despite the fact that the volume of deliveries from Parent Company plants increased during the year, it was possible to reduce the work force by slightly more than 1,000 persons. Two plants were closed. Towards the end of the year the need for manpower once again rose, notably in Sweden, and some hiring was carried out.

Ericsson Information Systems AB had a substantial increase in the volume of its deliveries and in the number of persons employed in production. The other manufacturing companies in Sweden reduced their workforces while increasing delivery volumes.

The changeover to electronic production also continued in the production

companies in countries other than Sweden. The number of production employees outside Sweden declined by 900, of whom 500 were in Mexico.

A factory to produce equipment for the AXE system was constructed in the Republic of Korea in a joint venture with a leading South Korean manufacturer.

The prices of goods purchased by the Parent Company increased by 12 percent during the year. The price increases are attributable in part to the 1982 devaluation of the Swedish krona and in part to the general rise in the value of such important purchasing currencies as the dollar and the yen.

#### TECHNOLOGY

The cost of research and development not related to customer contracts amounted in 1983 to Skr 1,973 m., equal to 8 percent of sales, and 20 percent higher than in the preceding year. A total of 5,500 persons were employed in research and development, an increase of more than 500 during the year. The largest development programs are in the fields of digital telephone exchanges, semiconductor technology (design methods and processes), mobile telephony and information systems.

#### PERSONNEL

	December 31	
	1983	1982
Sweden		
Parent Company	15,704	18,580
Other companies	18,839	12,550
	<u>34,543</u>	<u>31,130</u>
Europe (excluding Sweden)	20,185	18,850
North America	3,541	3,430
Latin America	10,076	10,360
Other countries	2,438	2,530
	<u>70,783</u>	<u>66,300</u>
Total	70,783	66,300

Supplementary information on the average number of employees and on wages, salaries and other remuneration

is presented in a note to the financial statements.

The number of employees increased by 4,405 persons as a result of the acquisition of the Facit operations.

**CHANGES WITHIN THE GROUP**

The acquisition of the Facit business occurred during the year through the purchase of a number of companies in various countries. The total price of the shares in these companies was adjusted upward from Skr 222.0 m., the figure set in a preliminary agreement, to Skr 239.3 m., partly as a consequence of the profit distribution system in effect during the period between July 1, 1982 and June 30, 1983.

The Facit business, all of which is included in the Information Systems Business Area, has in most countries been merged organizationally with the Business Area's existing operations. The FACIT name will in the future be used mainly for the sale of peripheral equipment to original equipment manufacturers (OEMs) and for the sale of certain products handled on an agency basis.

In order to achieve better coordination of financial and tax matters, subsidiaries in Denmark and Great Britain have established local groups, while subsidiaries in West Germany and Belgium have been merged.

**PARENT COMPANY**

Sales of the Parent Company amounted to Skr 6,805 m. (Skr 6,478 m.), of which exports accounted for 83 (77) percent. Consolidated companies were customers for 35 (30) percent of the Parent Company's sales, while 41 (37) percent of the Company's total purchases of goods and services were from such companies.

After appropriations and provision for taxes, the Parent Company reported net income of Skr 335 m. (Skr 251 m.).

**PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS IN THE PARENT COMPANY**

In addition to a General reserve of Skr 100 m., the sum of Skr 441,990,000 is available for distribution by the stockholders at the Annual General Meeting. The Board of Directors and the President propose that these unappropriated earnings be appropriated as follows:

<i>To</i>	stockholders duly registered on the record date, a dividend of Skr 9.00 per share	331,813,000
<i>To be</i>	retained in the business	110,177,000
		Skr 441,990,000

Stockholm, March, 1984

HANS WERTHÉN JAN WALLANDER PETER WALLEMBERG  
 ÅKE ANDERSSON LENNART DAHLSTRÖM PAUL KVAMME  
 PER LINDBERG SVEN OLVING STEN RUDHOLM SVEN ÅGRUP  
 BJÖRN SVEDBERG

President

# Consolidated Income Statement

In millions of kronor (except per share amounts)

		1983	1982 (1)	1982 (2)
Net sales		25,244.2	19,469.5	19,469.5
Cost of sales (exclusive of depreciation shown separately below)		13,806.5	10,916.9	10,930.2
		<u>11,437.7</u>	<u>8,552.6</u>	<u>8,539.3</u>
Other operating revenues	Note 1	531.9	585.7	614.5
		<u>11,969.6</u>	<u>9,138.3</u>	<u>9,153.8</u>
Selling, research and development, general and administrative expenses		8,561.5	6,523.6	6,523.6
Depreciation	Note 2	944.6	773.5	759.6
<b>Operating income after depreciation</b>		<u>2,463.5</u>	<u>1,841.2</u>	<u>1,870.6</u>
Financial income	Note 3	1,031.5	839.4	839.4
Financial expenses	Note 3	1,833.0	1,788.4	1,850.0
<b>Income after financial income and expenses</b>		<u>1,662.0</u>	<u>892.2</u>	<u>860.0</u>
Equity in earnings (after taxes) of associated companies		66.3	147.4	155.4
Minority interest in income before appropriations and taxes		<u>+29.9</u>	<u>+309.9</u>	<u>+321.1</u>
<b>Income before appropriations and taxes</b>		<u>1,758.2</u>	<u>1,349.5</u>	<u>1,336.5</u>
Appropriations to untaxed reserves				
Depreciation in excess of normal depreciation	Note 2	77.2	26.8	23.1
Appropriations to other untaxed reserves	Note 4	657.4	431.9	431.9
Minority interest in appropriations		<u>+27.1</u>	<u>47.8</u>	<u>46.7</u>
		<u>707.5</u>	<u>506.5</u>	<u>501.7</u>
Income before taxes		1,050.7	843.0	834.8
Income taxes		607.2	508.5	508.5
Minority interest in taxes		<u>+66.6</u>	<u>+33.2</u>	<u>+33.2</u>
<b>Net income</b>		<u>510.1</u>	<u>367.7</u>	<u>359.5</u>
Adjusted net income per share	Note 5			
– after actual and estimated deferred taxes		22.05	17.13	16.84
– after actual taxes paid		34.46	25.05	24.65

(1) Financial statements in foreign currency translated in accordance with FASB Statement No. 52 (SFAS 52).

(2) As previously published except reclassification of financial expenses.

# Consolidated Balance Sheet at December 31, 1983

In millions of kronor

<i>ASSETS</i>		<i>1983</i>	<i>1982</i> <i>(1)</i>	<i>1982</i> <i>(2)</i>
<b>CURRENT ASSETS</b>	Cash	3,026.1	2,797.3	2,797.3
	Notes and accounts receivable – trade <i>(less allowance for doubtful accounts, Skr 116.4 at December 31, 1983 and Skr 90.7 at December 31, 1982)</i>	Note 6 8,610.9	6,223.0	6,223.0
	Inventories <i>(less advance and progress payments, Skr 1,335.4 at December 31, 1983 and Skr 1,334.7 at December 31, 1982)</i>	7,458.5	6,602.0	6,635.3
	Other current assets	Note 7 2,187.9	1,383.7	1,383.7
		<u>21,283.4</u>	<u>17,006.0</u>	<u>17,039.3</u>
<b>DEPOSITS RELATED TO UNTAXED RESERVES</b>		Note 4 66.0	54.3	54.3
<b>INVESTMENTS AND OTHER NONCURRENT ASSETS</b>				
	Notes and accounts receivable – trade	Note 6 654.8	698.5	698.5
	Receivables from associated companies	288.6	256.8	256.8
	Investments in associated companies, at equity	Note 8 896.4	831.8	763.4
	Other investments, at cost	Note 8 334.3	168.9	168.9
	Other noncurrent assets	Note 9 906.7	903.6	903.6
		<u>3,080.8</u>	<u>2,859.6</u>	<u>2,791.2</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		Note 10		
	Cost	10,366.6	9,097.1	8,778.0
	Accumulated normal depreciation	4,623.1	3,731.5	3,664.8
		<u>5,743.5</u>	<u>5,365.6</u>	<u>5,113.2</u>
	Revaluation adjustments, net of accumulated normal depreciation	432.1	451.1	482.5
		<u>6,175.6</u>	<u>5,816.7</u>	<u>5,595.7</u>
<b>Assets Pledged as Collateral</b>		1983 2,864.7	1982 2,774.7	Note 17
	<b>TOTAL ASSETS</b>	<b>30,605.8</b>	<b>25,736.6</b>	<b>25,480.5</b>

(1) Financial statements in foreign currency translated in accordance with FASB Statement No. 52 (SFAS 52).

(2) As previously published except reclassification in certain respects.

**LIABILITIES AND STOCKHOLDERS' EQUITY**

		1983	1982 (1)	1982 (2)
<b>CURRENT LIABILITIES</b>				
Accounts payable – trade		1,940.3	1,362.7	1,362.7
Advances from customers		1,899.1	1,656.6	1,656.6
Accrued taxes		554.1	387.7	387.7
Short-term borrowings	Note 11	2,337.2	2,149.9	2,149.9
Current maturities of long-term debt	Note 13	881.7	870.3	870.3
Other current liabilities	Note 12	4,548.6	3,349.0	3,349.0
		<u>12,161.0</u>	<u>9,776.2</u>	<u>9,776.2</u>
<b>LONG-TERM LIABILITIES</b>				
Debentures ( <i>net of unrealized losses on foreign exchange, Skr 129.4 at December 31, 1983 and Skr 150.1 at December 31, 1982</i> )	Note 13	810.0	874.1	874.1
Convertible debentures	Note 14	197.9	225.2	225.2
Pension liabilities	Note 15	2,436.5	1,774.9	1,774.9
Other long-term liabilities	Note 13	3,228.9	4,355.6	4,355.6
		<u>6,673.3</u>	<u>7,229.8</u>	<u>7,229.8</u>
<b>UNTAXED RESERVES</b>				
Reserve for accounts receivable and investments	Note 4	908.3	728.6	728.6
Inventory reserve	Note 4	2,201.0	1,896.1	1,896.1
Reserve for future capital expenditures	Note 4	328.0	155.6	155.6
Accumulated depreciation in excess of normal depreciation	Note 10	895.6	837.0	856.2
		<u>4,332.9</u>	<u>3,617.3</u>	<u>3,636.5</u>
<b>MINORITY INTEREST IN EQUITY OF CONSOLIDATED SUBSIDIARIES</b>		1,219.5	957.1	865.4
<b>STOCKHOLDERS' EQUITY</b>	Note 16			
Capital stock		1,843.2	1,634.1	1,634.1
Reserves not available for distribution		3,469.8	1,512.1	1,479.3
Cumulative translation adjustments		164.7	187.9	–
		<u>5,477.7</u>	<u>3,334.1</u>	<u>3,113.4</u>
Retained earnings		741.4	822.1	859.2
		<u>6,219.1</u>	<u>4,156.2</u>	<u>3,972.6</u>
<b>Contingent Liabilities</b>		3,210.2	1,552.8	–
	Note 18			
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<u>30,605.8</u>	<u>25,736.6</u>	<u>25,480.5</u>

(1) Financial statements in foreign currency translated in accordance with FASB Statement No. 52 (SFAS 52).

(2) As previously published except reclassification in certain respects.

# Statements of Changes in Financial Position

In millions of kronor

	<i>Consolidated</i>		<i>Parent Company</i>	
	1983	1982 (1)	1983	1982 (1)
<b>CASH – JANUARY 1</b>	<b>2,797.3</b>	<b>2,322.6</b>	<b>2,078.0</b>	<b>1,595.2</b>
<b>CASH PROVIDED BY OPERATIONS</b>				
Net income	510.1	367.7	335.1	251.2
Minority interest in net income	-123.6	-295.3		
Normal depreciation	944.6	773.5	211.2	205.7
Gains(-)/losses(+) on sale of property, plant and equipment	27.3	-100.7	9.2	-
Increase(-)/decrease(+) in bank deposits related to untaxed reserves	-11.7	20.0	1.9	3.7
Appropriations to untaxed reserves and contributions to subsidiary companies	734.6	458.7	881.9	811.0
	<u>2,081.3</u>	<u>1,223.9</u>	<u>1,439.3</u>	<u>1,271.6</u>
<b>TRANSLATION ADJUSTMENTS NOT AFFECTING INCOME STATEMENT</b>	-26.7	184.7	-	-
<b>SALE OF PROPERTY, PLANT AND EQUIPMENT</b>	<u>372.1</u>	<u>370.2</u>	<u>73.9</u>	<u>9.7</u>
	345.4	554.9	73.9	9.7
<b>CHANGES IN WORKING CAPITAL (EXCL. CASH)</b>				
Notes and accounts receivable – trade	-2,387.9	-1,233.9	-930.8	-324.7
Inventories	-856.5	-367.0	215.4	-281.1
Other current assets	-804.2	-202.2	-120.2	163.0
Current liabilities	2,384.8	2,101.8	137.2	1,112.7
	<u>-1,663.8</u>	<u>298.7</u>	<u>-698.4</u>	<u>669.9</u>
<b>CHANGES IN OTHER ASSETS</b>				
Additions to property, plant and equipment	-1,714.5	-1,697.0	-324.1	-399.3
Translation adjustments in property, plant and equipment	11.6	-220.0	-	-
Investments, net	-230.0	-187.3	-861.5	-420.7
Decrease in other noncurrent assets	8.8	-358.1	-167.5	17.5
	<u>-1,924.1</u>	<u>-2,462.4</u>	<u>-1,353.1</u>	<u>-802.5</u>
<b>CONTRIBUTIONS TO SUBSIDIARY COMPANIES</b>			-845.3	-406.3
<b>DIVIDENDS PAID</b>	-256.6	-221.9	-245.1	-212.4
<b>CASH PROVIDED BY EXTERNAL FINANCING</b>				
Increase in long-term liabilities	-556.5	846.6	-188.2	-47.2
Stock issue	1,793.8	-	1,793.8	-
Conversion of debentures	27.3	-	27.3	-
Additional capital contributed by minority	382.0	234.9	-	-
	<u>1,646.6</u>	<u>1,081.5</u>	<u>1,632.9</u>	<u>-47.2</u>
<b>CASH – DECEMBER 31</b>	<b>3,026.1</b>	<b>2,797.3</b>	<b>2,082.2</b>	<b>2,078.0</b>

(1) Financial statements in foreign currency translated in accordance with FASB Statement No. 52 (SFAS 52).

# Parent Company Income Statement

In millions of kronor

		1983	1982 (1)
Net sales		6,805.5	6,478.0
Cost of sales (exclusive of depreciation shown separately below)		3,397.3	3,226.1
		<u>3,408.2</u>	<u>3,251.9</u>
Other operating revenues		432.4	446.7
		<u>3,840.6</u>	<u>3,698.6</u>
Selling, research and development, general and administrative expenses		2,221.8	2,060.6
Depreciation	Note 2	211.2	205.7
<b>Operating income after depreciation</b>		<u>1,407.6</u>	<u>1,432.3</u>
Financial income	Note 3	739.1	522.4
Financial expenses	Note 3	659.8	552.2
<b>Income before appropriations and taxes</b>		<u>1,486.9</u>	<u>1,402.5</u>
Appropriations to untaxed reserves			
Depreciation in excess of normal depreciation	Note 2	38.2	11.0
Appropriation to reserve for accounts receivable	Note 4	100.9	158.9
Appropriation to inventory reserve	Note 4	+205.8	200.0
Appropriation to other untaxed reserves	Note 4	103.3	34.8
		<u>36.6</u>	<u>404.7</u>
Contributions to subsidiary companies		845.3	406.3
Income before taxes		605.0	591.5
Income taxes		269.9	340.3
<b>Net income</b>		<u>335.1</u>	<u>251.2</u>

(1) As previously published except reclassification of financial expenses.

# Parent Company Balance Sheet at December 31, 1983

In millions of kronor

ASSETS		1983	1982 (1)
<b>CURRENT ASSETS</b>	Cash	2,082.2	2,078.0
	Notes and accounts receivable – trade Subsidiary companies	852.2	637.4
	Other (less allowance for doubtful accounts, Skr 7.6 at December 31, 1983 and Skr 17.7 at December 31, 1982)	2,682.8	1,966.8
	Inventories (less advance and progress payments, Skr 77.0 at December 31, 1983 and Skr 184.7 at December 31, 1982)	1,914.4	2,129.8
	Other current assets	566.6	446.4
		<u>8,098.2</u>	<u>7,258.4</u>
<b>DEPOSITS RELATED TO UNTAXED RESERVES</b>		30.4	32.3
<b>INVESTMENTS AND OTHER NONCURRENT ASSETS</b>	Notes and accounts receivable – trade Subsidiary companies	51.5	74.2
	Other	298.6	402.8
	Other accounts receivable Subsidiary companies	226.8	291.3
	Associated companies	3.0	3.0
	Investments, at cost Subsidiary companies	2,621.2	1,812.9
	Associated companies	226.2	176.2
	Other investments	30.8	27.6
	Other noncurrent assets	434.7	75.8
		<u>3,892.8</u>	<u>2,863.8</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	Cost	2,430.2	2,395.7
	Accumulated normal depreciation	1,067.5	1,035.0
		<u>1,362.7</u>	<u>1,360.7</u>
	Revaluation adjustments, net of accumulated normal depreciation	338.9	354.7
		<u>1,701.6</u>	<u>1,715.4</u>
<b>Assets Pledged as Collateral</b>	1983    1982		
	1,050.0    1,081.9		
		13,723.0	11,869.9
	<b>TOTAL ASSETS</b>	<b>13,723.0</b>	<b>11,869.9</b>

(1) As previously published except reclassification in certain respects.



LIABILITIES AND STOCKHOLDERS' EQUITY

1983

1982

(1)

<b>CURRENT LIABILITIES</b>	Accounts payable – trade		399.7	337.1
	Advances from customers		518.4	795.1
	Accrued taxes		208.8	137.6
	Short-term borrowings		24.3	66.9
	Current maturities of long-term debt	Note 13	148.3	452.5
	Accounts payable to subsidiary companies		1,146.1	719.0
	Other current liabilities	Note 12	1,685.0	1,485.1
			<u>4,130.6</u>	<u>3,993.3</u>
<b>LONG-TERM LIABILITIES</b>	Debtures ( <i>net of unrealized losses on foreign exchange, Skr 129.4 at December 31, 1983 and Skr 150.1 at December 31, 1982</i> )	Note 13	794.0	874.1
	Convertible debtures	Note 14	197.9	225.2
	Pension liabilities	Note 15	861.7	912.1
	Payables to subsidiary companies		150.3	178.9
	Other long-term liabilities	Note 13	610.5	612.4
			<u>2,614.4</u>	<u>2,802.7</u>
<b>UNTAXED RESERVES</b>	Reserve for accounts receivable	Note 4	691.9	591.1
	Inventory reserve	Note 4	1,169.8	1,375.6
	Reserve for future capital expenditures	Note 4	62.3	102.1
	Compulsory reserve for future capital expenditures	Note 4	149.5	6.4
	Accumulated depreciation in excess of normal depreciation	Note 10	351.6	356.8
			<u>2,425.1</u>	<u>2,432.0</u>
<b>STOCKHOLDERS' EQUITY</b>	Capital stock	Note 16	1,843.2	1,634.1
	Reserves not available for distribution		2,167.7	555.7
			<u>4,010.9</u>	<u>2,189.8</u>
	General reserve		100.0	100.0
	Retained earnings		106.9	100.9
	Net income		335.1	251.2
			<u>4,552.9</u>	<u>2,641.9</u>

	1983	1982	
<b>Contingent Liabilities</b>	1,264.5	1,200.4	Note 18

<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>13,723.0</b>	<b>11,869.9</b>
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(1) As previously published except reclassification in certain respects.

# Notes to the Financial Statements

## General

In this Annual Report, the Company has given due consideration 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). The Company also follows the guidelines relative to multinational companies and the labor market developed by the International Labor Organization (ILO), the United Nations organization dealing with labor matters.

Generally, the same prices established for sales to external customers are applied in intercompany sales, except that consideration is given to the absence of certain costs in intercompany transactions.

## ACCOUNTING POLICIES

The consolidated financial statements of Telefonaktiebolaget LM Ericsson and its subsidiaries (the "Company") have been prepared in accordance with accounting principles generally accepted in Sweden. These accounting principles differ in certain important respects from accounting principles generally accepted in the United States. For a description of the differences and the approximate related effect on the consolidated financial statements, see Note 20.

### (a) Principles of Consolidation

The consolidated financial statements include the accounts of the parent company and all of its subsidiary companies. All significant intercompany transactions have been eliminated.

The consolidated financial statements have been prepared in accordance with the purchase method, whereby consolidated stockholders' equity includes equity in subsidiary and associated companies arising only following their acquisition.

Material investments in associated companies and a joint venture (see Note 19) in which the Company's voting stock interest is at least 20 % but not over 50 % are accounted for on the equity basis. Immaterial investments in associated companies, accounted for as other investments, and all other investments are carried at the lower of cost or net realizable value.

The investments in associated companies are shown at equity after adjustments for unrealized intercompany profits and unamortized goodwill or negative goodwill (see b below). In determining the equity of associated companies, untaxed reserves are added back to equity after provision for deferred taxes.

Companies acquired during the year are generally shown as if they had been subsidiary companies during the full year. The portion of income relating to the period prior to acquisition is included in "Minority interest in income before appropriations and taxes".

### (b) Goodwill and Negative Goodwill

Goodwill (excess of cost over net assets of acquired companies) and negative goodwill (excess of net assets acquired over cost) are amortized over a ten-year period except for negative goodwill which originated from the acquisition of the interest in Anaconda-Ericsson Inc. (now Ericsson Inc.), which is being credited to income to cover research and development costs and start-up costs during 1981-1983 of the communications division of that company, with the remainder being credited to income in equal amounts over seven years starting in 1984.

### (c) Sales recognition

Sales are recorded upon shipment of products and represent amounts realized, excluding value added tax, and are net of goods returned, trade discounts and allowances.

Income from major long-term contracts is accounted for in accordance with the percentage-of-completion method. If costs required to complete such contracts are estimated to exceed remaining revenues, a provision is made for estimated losses.

### (d) Translation of Amounts in Foreign Currency

As from January 1, 1983, the Company applies, with the exceptions regarding noncurrent receivables and long-term debt referred to below, the Statement of Financial Accounting Standards No. 52 issued by the Financial Accounting Standards Board of the U.S.A. (SFAS 52). The financial statements of 1982 have been restated in accordance with this Statement.

For many subsidiary and associated companies, generally those with manufacturing operations, located in Western Europe, U.S.A., Australia, Malaysia and Venezuela, the currency in which those companies primarily generate and expend cash is their functional (business) currency. Their assets and liabilities are translated to Swedish kronor at year-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the year. The resulting translation adjustments are accumulated in a separate component of stockholders' equity.

The financial statements of all subsidiary and associated companies operating in highly inflationary economies and companies generally without manufacturing operations having such close relations with the Swedish operations that their functional currency is considered to be the Swedish krona, have been included in the consolidated financial statements to give approximately the same results as if their activities had been carried out in a Swedish enterprise. The adjustments arising from the remeasurement of these subsidiary and associated companies' financial statements for such purposes are included in the determination of net income. Both these adjustments and the gains and losses on foreign currency transactions are recorded as "Gains and losses on foreign exchange".

Gains and losses on foreign exchange are divided into operational and financial gains and losses on foreign exchange. Net operational losses on foreign exchange, mainly related to accounts receivable and payable, are included in cost of sales: Skr 591.3 million in 1983 and Skr 380.1 million in 1982.

Net financial losses on foreign exchange are included in financial expenses (see Note 3).

Sale amounts of contracts in respect of which Ericsson has entered into forward exchange contracts are translated to Swedish kronor at the rate of the forward exchange contracts.

Receivables of the Parent Company in foreign currencies - principally U.S. dollars - which fall due in 1984 have been translated at year-end exchange rates, while those which fall due in 1985 and later years have been translated at historical rates. At December 31, 1983, an unrealized gain on foreign exchange in the amount of Skr 197.8 million had accrued relating to the receivables falling due in 1985 and later years.

Parent Company loans in foreign currencies which fall due for repayment in 1984 have been stated at year-end exchange rates. Loan installments covered by forward exchange contracts have been stated at the commitment rate. For loans falling due in 1985 and later years, a plan has been prepared for the amortization of unrealized exchange losses, based on year-end exchange rates and the maturities of the loans. The loans are shown at year-end exchange rates, less unamortized exchange losses in accordance with the amortization plan.

At December 31, 1983, the unamortized exchange losses amounted to Skr 155.6 million (Skr 165.6 million at December 31, 1982).

The rates of forward exchange contracts are used for valuing assets and liabilities covered by such contracts.

For translation of convertible debentures, see Note 14.

### (e) Research and Development Costs

Research and development costs are expensed as incurred, except for Skr 20 million of such expenses in 1982 which had been deferred by the Parent Company under Other noncurrent assets.

### (f) Inventories

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

Intercompany profits that were not realized through the sale of goods to customers have been eliminated even in respect of associated companies which are accounted for by the equity method.

### (g) Taxes and Untaxed Reserves

In accordance with accounting principles generally accepted in Sweden, no provision has been made for deferred taxes, except in certain foreign subsidiaries (see Note 4).

The Company is allowed to claim tax deductions by developing appropriations and accumulating them in accounts for untaxed reserves; such amounts are taxed only when the untaxed reserves are reduced. For additional information on untaxed reserves, see Note 4.

### (h) Leases

Revenue from noncancellable lease contracts are generally accounted for under the operating method whereby revenues are recorded as earned over the lease term and the related costs are amortized over the rental equipment life. Service revenues are recognized pro rata over contractual periods or as services are performed.

### (i) Property, Plant and Equipment

Property, plant and equipment are stated at cost except for revaluations of certain land and buildings, which are allowed under certain circumstances in accordance with accounting principles generally accepted in Sweden and in certain other countries.

### (j) Depreciation

The Company normally claims the maximum depreciation deduction allowable for tax purposes, using accelerated techniques applicable in various countries, thus minimizing the use of corporate funds for tax payments.

The annual depreciation is reported on two levels of the income statement: (1) normal depreciation, generally on the straight-line method, using estimated useful lives of 40 years on buildings, 25 years on telephone plants, 20 years on land improvements, 5 to 10 years on machinery and equipment, and up to 5 years on rental equipment, which is reported as an operating expense, and (2) depreciation in excess of normal depreciation which is reported under Appropriations.

### (k) Net Income per Share

Net income per share is based upon the average weighted number of common shares outstanding during each year. The conversion of all convertible debentures would not result in a material dilution.

The calculation of net income per share is not based on reported net income, the amount of which is influenced by appropriations deductible for tax purposes, but on income before appropriations and taxes less either of the following:

- (1) Actual taxes paid as reported and less deferred taxes determined as an estimated tax on appropriations to untaxed reserves, which tax is adjusted for minority interests.
- (2) or actual taxes paid as reported

The effect of these methods, commonly used in Sweden, is that two amounts of income per share are shown:

- (1) Adjusted net income per share after actual and estimated deferred taxes
- (2) Adjusted net income per share after actual taxes paid

For reference to income per share in accordance with accounting principles generally accepted in the United States, see Note 20.

### Note 1

#### Other Operating Revenue

"Other operating revenues" includes gains on sale of property, plant and equipment of Skr -27.3 million in 1983 and Skr 100.7 million in 1982.

### Note 2

#### Depreciation

	Consolidated		Parent Company	
	1983	1982	1983	1982
	(in millions)			
<i>Total depreciation</i>				
Land improvements	1.7	1.5	0.5	0.4
Buildings	119.0	99.4	40.6	29.4
Telephone plants	36.8	28.9	-	-
Machinery and equipment	885.4	681.2	207.9	174.1
Revaluation adjustments	18.8	19.1	15.8	12.8
	<u>1,061.7</u>	<u>830.1</u>	<u>264.8</u>	<u>216.7</u>
Less - Depreciation in excess of normal depreciation related to assets sold	39.9	29.8	15.4	-
	<u>1,021,8</u>	<u>800,3</u>	<u>249,4</u>	<u>216,7</u>
<i>Normal depreciation</i>				
Land improvements	2.3	2.0	0.8	0.8
Buildings	75.3	63.1	23.5	25.0
Telephone plants	34.1	28.4	-	-
Machinery and equipment	814.1	660.9	171.1	167.1
Revaluation adjustments	18.8	19.1	15.8	12.8
	<u>944,6</u>	<u>773,5</u>	<u>211,2</u>	<u>205,7</u>
Depreciation in excess of normal depreciation	77.2	26.8	38.2	11.0

### Note 3

#### Financial Income and Expenses

	Consolidated		Parent Company	
	1983	1982	1983	1982
	(in millions)			
<i>Financial Income</i>				
Dividends from subsidiaries	-	-	168.5	73.4
Dividends from others	8.7	6.9	23.4	25.6
Interest income	1,022.8	832.5	510.5	423.4
Gains on securities sold	-	-	36.7	-
	<u>1,031,5</u>	<u>839,4</u>	<u>739,1</u>	<u>522,4</u>

<i>Financial expenses</i>				
Interest expenses	1,908.0	1,480.8	598.8	388.8
Gains and losses on foreign exchange, net	-105.4	243.5	28.9	151.5
Other financial expenses	30.4	64.1	32.1	11.9
	<u>1,833.0</u>	<u>1,788.4</u>	<u>659.8</u>	<u>552.2</u>

A short-term receivable of Skr 158 million at December 31, 1983 has been offset against a short-term payable of the same amount, as both the receivable and the payable referred to the same financial transaction. Consequently, also the financial revenues and expenses arising on the transaction have been offset against each other.

### Note 4

#### Income Taxes, Appropriations and Untaxed Reserves

This note provides additional information on the following items: Income taxes, Appropriations, Deposits related to untaxed reserves and Untaxed reserves.

#### Income Taxes

As explained under Accounting Policies (g), the Company has not, in accordance with accounting principles generally accepted in Sweden, provided for deferred income taxes. However, when foreign subsidiaries provide for deferred income taxes, such provisions are maintained on consolidation.

Under tax regulations in Sweden, the Company is allowed to claim tax deductions by developing appropriations to certain reserves, and the provision for income taxes is determined by taking such tax relief into account. The nature of, and the conditions for maintaining, the untaxed reserves are described briefly below.

The effective tax rate, based on income before minority interest, appropriations and taxes for the years ended December 31, 1983 and 1982, was 35.1 % and 48.9 %, respectively.

The tax expense does not vary significantly from the expected tax rate in any country included in the consolidated financial statements except Sweden and certain other Nordic countries. In Sweden, the national tax is 40 % on income calculated for national income tax purposes and local tax is approximately 30 % on income determined for local income tax purposes. In 1984, the national tax rate will be reduced from 40 to 32 percent. At the same time, however, the amount of the inventory reserve (see Appropriations and Untaxed Reserves below) will be limited to 50 percent instead of 60 percent of the inventory value.

Since the local income tax is deductible with one year's time lag, in determining the base for the national income tax, the expected tax rate in Sweden for 1983 is approximately 58 %. The principal reasons for the difference between the expected statutory tax rate and the effective tax rate in relation to the income before minority interest, appropriations and tax expense are outlined below (percent):

	1983	1982
Statutory tax rate in Sweden	58.0	58.0
Tax-free or partly tax-free capital gains	-0.4	-5.8
Appropriations to untaxed reserves	-26.3	-25.7
Miscellaneous Swedish tax deductions	-6.3	-8.3
Temporary profit tax	3.4	-
Difference in effective tax rate of international subsidiaries and joint venture	-10.5	7.9
Foreign subsidiary losses, at present not deductible	32.8	52.1
Equity in earnings of associated companies (included net of tax)	-1.6	-9.3
Gains on translation of foreign subsidiary financial statements (not subject to taxation)	-13.1	-14.4
Tax on intercompany profits eliminated in consolidation	2.8	1.7
Utilization of tax loss carry-forwards	-5.0	-9.9
Other	1.3	2.6
Effective worldwide tax rate	<u>35.1</u>	<u>48.9</u>

Certain subsidiaries at December 31, 1983 had tax loss carry-forwards, that can be utilized to reduce future taxable income, amounting to approximately Skr 1,445.4 million. Such loss carry-forwards expire as follows (in millions).

Year of expiration	
1984	56.6
1985	5.6
1986	19.4
1987	10.5
1988	9.2
1989	13.3
1990	20.4
1991	41.1
1992	37.4
1993 or later	1,231.9
	<u>1,445.4</u>

#### Temporary profit tax

The Swedish government has promulgated a temporary profit tax to be levied on Swedish limited liability companies which pay dividends. According to the law, the tax will apply only to 1983. The temporary tax is 20 % applied to a base which is determined as the total dividends declared and paid out of earnings as shown in the financial statements for the financial year ending after June 30, 1983. The effective tax base comprises only dividends paid externally and thus intercompany dividends are effectively excluded. The tax does not apply to capital increases during 1983.

#### Appropriations and Untaxed Reserves

The reserve for accounts receivable and investments principally represents appropriations based on receivables and investments.

Appropriations to the inventory reserves are, within specified limits, deductible for tax purposes. In principle, the inventory reserve may amount to 60 percent of the inventory value, determined according to the first-in, first-out (FIFO) method. To the extent that the inventory reserve is released, it becomes taxable income. In 1984, the limit of the inventory reserve will be reduced from 60 to 50 percent of the inventory value. However, at the same time the rate of the national income tax will be reduced from 40 to 32 percent.

Swedish corporations are entitled to appropriate up to half of the year's income determined under special rules to a Reserve for future capital expenditures. Such appropriations are deductible for tax purposes, but 50 percent of the appropriation amount must be deposited in a non-interest-bearing account with the Bank of Sweden. The employees must be consulted before application is made to utilize the reserve. When permission to utilize the reserve has been granted by the authorities, the reserve may be utilized and the proportional amount placed on deposit may be withdrawn. When the approved capital expenditures have been made, the cost of the assets, to the extent covered by amounts from the reserve for future capital expenditures, may be written down by a transfer from the reserve.

In 1980, legislation was adopted in Sweden requiring a compulsory deposit in a non-interest-bearing account with the Bank of Sweden of 25 percent of a company's income for 1980, determined in the same manner as for the appropriation to the Reserve for future capital expenditures. A corresponding amount was appropriated to a Compulsory reserve for future capital expenditures and was deductible for tax purposes. The employees must be given the opportunity to comment on any application to utilize the reserve. Permission may be granted for the same purposes as applicable to the reserve for future capital expenditures.

A similar temporary regulation has been adopted in Sweden relating to income for 1983. However, the rate of the compulsory deposit and appropriation in this instance is limited to 20 percent of the income determined in the same manner as for the appropriation to the reserve for future capital expenditures.

#### Appropriations to Other Untaxed Reserves

	Consolidated	
	1983	1982
	<i>(in millions)</i>	
Appropriations to Reserves for receivables and investments	179.8	179.0
Appropriations to Inventory reserves	304.9	244.1
Appropriations to Reserves for future capital expenditures, net	<u>172.7</u>	<u>8.8</u>
	<u>657.4</u>	<u>431.9</u>

#### Changes in certain Untaxed Reserves

	Consolidated		Parent Company	
	December 31 1983	December 31 1982	December 31 1983	December 31 1982
	<i>(in millions)</i>			
Appropriations to Reserves				
Reserve for future capital expenditures	46.0	87.2	—	50.0
Compulsory reserve for capital expenditures	<u>193.6</u>	<u>—</u>	<u>149.5</u>	<u>—</u>
	<u>239.6</u>	<u>87.2</u>	<u>149.5</u>	<u>50.0</u>

Transfers from Reserves				
Reserve for future capital expenditures	66.5	44.1	31.6	13.8
Reserve for future capital expenditures transferred to Swedish subsidiaries	—	—	8.2	—
Compulsory reserve for future capital expenditures, investments	0.4	13.5	6.4	—
Compulsory reserve for future capital expenditures, transferred to taxable income	—	19.4	—	—
Reserve for environmental improvements	—	1.4	—	1.4
	<u>66.9</u>	<u>78.4</u>	<u>46.2</u>	<u>15.2</u>
Net appropriations	<u>172.7</u>	<u>8.8</u>	<u>103.3</u>	<u>34.8</u>

#### Bank Deposits Related to Untaxed Reserves

	Consolidated		Parent Company	
	December 31 1983	December 31 1982	December 31 1983	December 31 1982
	<i>(in millions)</i>			
Reserve for future capital expenditures	48.1	47.9	30.4	32.3
Compulsory reserve for future capital expenditures	0.6	1.9	—	—
Other deposits	<u>17.3</u>	<u>4.5</u>	<u>—</u>	<u>—</u>
	<u>66.0</u>	<u>54.3</u>	<u>30.4</u>	<u>32.3</u>

#### Note 5

##### Adjusted Net Income per Share (Skr millions except per-share amounts)

	Consolidated	
	1983	1982
Income before appropriations and taxes	1,758.2	1,349.5
Actual income taxes paid as reported	-607.2	-508.5
Minority interest in taxes paid*	<u>+66.6</u>	<u>-22.4</u>
Adjusted net income (after actual taxes paid)	<u>1,217.6</u>	<u>818.6</u>
Per share	34.46	25.05

\* In 1982, also including minority interest in intercompany contributions.

	Consolidated	
	1983	1982
Adjusted net income (after actual taxes paid)	1,217.6	818.6
Estimated deferred taxes on appropriations	-454.6	-262.3
Minority interest	<u>+16.0</u>	<u>+3.6</u>
Adjusted net income (after actual and estimated deferred taxes)	<u>779.0</u>	<u>559.9</u>
Per share	22.05	17.13

Weighted average number of shares outstanding:

1983 —	35,330,601
1982 —	32,682,746

#### Note 6

##### Notes and Accounts Receivable — Trade

	Consolidated		Parent Company	
	December 31 1983	December 31 1982	December 31 1983	December 31 1982
	<i>(in millions)</i>			
Current				
Subsidiary companies				
Accounts receivable	—	—	775.2	533.8
Notes receivable	—	—	<u>77.0</u>	<u>103.6</u>
			<u>852.2</u>	<u>637.4</u>
Other				
Accounts receivable	8,463.1	6,081.5	2,632.9	1,920.8
Notes receivable	<u>147.8</u>	<u>141.5</u>	<u>49.9</u>	<u>46.0</u>
	<u>8,610.9</u>	<u>6,223.0</u>	<u>2,682.8</u>	<u>1,966.8</u>

<i>Noncurrent</i>				
Subsidiary companies				
Accounts receivable	—	—	—	0.1
Notes receivable	—	—	51.5	74.1
			<u>51.5</u>	<u>74.2</u>
Other				
Accounts receivable	631.6	625.2	277.2	357.7
Notes receivable	23.2	73.3	21.4	45.1
	<u>654.8</u>	<u>698.5</u>	<u>298.6</u>	<u>402.8</u>

Allowance for doubtful accounts which has reduced amounts shown above includes allowance for estimated losses based on commercial risk evaluations. On the other hand the allowance does not include provisions for potential losses of a political nature.

#### Note 8

##### Investments

Details of certain shares of stock owned directly and indirectly by the Parent Company.

A complete listing of shareholdings, prepared in accordance with the Swedish

#### Note 7

##### Other Current Assets

	Consolidated December 31		Parent Company December 31	
	1983	1982	1983	1982
	(in millions)			
Prepaid expenses and accrued revenues	477.5	287.4	306.6	163.8
Advances to suppliers	147.7	151.4	15.0	38.3
Temporary investments	114.9	101.0	—	—
Other current assets	<u>1,447.8</u>	<u>843.9</u>	<u>245.0</u>	<u>244.3</u>
	<u>2,187.9</u>	<u>1,383.7</u>	<u>566.6</u>	<u>446.4</u>

#### INVESTMENTS IN SHARES AND PARTICIPATIONS AT DECEMBER 31, 1983

		SHARES DIRECTLY OWNED BY PARENT COMPANY		Percent- age of ownership	Par value in millions	Carrying value in Skr m.
<b>SUBSIDIARIES</b>						
<b>SWEDEN</b>						
I	AutoTank AB (ATK)	Sweden	100	SEK	1.7	7.5
I	Ericsson Information Systems AB (EIS)	Sweden	91	SEK	325.8	298.7
I	Ericsson Radio Systems AB (ERA)	Sweden	100	SEK	50.0	51.6
I	Ericsson Security and Tele Systems AB (ESS)	Sweden	100	SEK	30.0	29.9
I	RIFA Aktiefbolag (RIF)	Sweden	100	SEK	58.0	48.9
I	Sievert Kabelverk AB (SKV)	Sweden	100	SEK	140.0	140.0
III	SRA Communications AB (SRA)	Sweden	100	SEK	47.3	145.1
V	ELLEMTEL Utvecklings AB (EUA)	Sweden	50	SEK	5.0	6.0
	Others	Sweden		SEK		71.5
<b>EUROPE (Excluding Sweden)</b>						
I	LM Ericsson A/S (LMD)	Denmark	100	DKK	90.0	73.1
I	Oy LM Ericsson Ab (LMF)	Finland	100	FIM	50.0	64.9
I	Ericsson Information Systems NV/SA (EIB)	Belgium	30*	BEF	45.0	6.6
I	RIFA S.A. (RFF)	France	100	FRF	15.0	15.2
I	Ericsson Telefoonmaatschappij bv (ETM)	The Netherlands	100	NLG	20.0	32.8
I	Ericsson S.A. (EMS)	Spain	100	ESP	375.0	23.7
I	Industrias de Telecomunicación S.A. (Intelsa) (ITS)	Spain	50*	ESP	1000.0	62.6
I	Ericsson Information Systems GmbH (EID)	Germany	100	DEM	40.0	82.0
IV	Swedish Ericsson Company Ltd. (SEL)	United Kingdom	100	GBP	3.3	22.9
IV	LM Ericsson Holdings Ltd. (LHI)	Ireland	100	IEP	1.9	13.8
IV	SETEMER S.p.A. (STM)	Italy	51	ITL	10,996.1	28.2
	Other					9.1
<b>U.S.A.</b>						
I	Ericsson Inc. (EUS)	U.S.A.	50	USD	187.5	905.5
IV	Facit Holdings Inc. (FTU)	U.S.A.	100	USD	No par value	80.1
<b>LATIN AMERICA</b>						
II	Cia Argentina de Telefonos S.A. (CAT)	Argentina	78	ARP	153.3	10.6
II	Cia Entrerriana de Telefonos S.A. (CET)	Argentina	86	ARP	30.0	8.5
I	Cia Ericsson S.A.C.I. (CEA)	Argentina	100	ARP	10.0	2.6
I	Ericsson de Colombia S.A. (EDC)	Colombia	92*	COP	220.9	26.8
I	Teleindustria Ericsson S.A. (TIM)	Mexico	92	MXP	3,372.0	212.7
I	Cia Anónima Ericsson (CEV)	Venezuela	100	VEB	10.0	10.1
	Other					22.2
<b>OTHER COUNTRIES</b>						
I	Ericsson Telecommunications Sdn Bhd (ECM)	Malaysia	70	MYR	2.1	3.8
IV	Teleric Pty. Ltd. (TLA)	Australia	100	AUD	20.0	99.3
	Other					4.9
					<b>Total</b>	<b>2,621.2</b>
<b>ASSOCIATED COMPANIES</b>						
I	A/S Elektrisk Bureau (EBN)	Norway	25	NOK	36.2	59.0
I	Ericsson do Brasil Comercio e Indústria S.A. (EDB)	Brazil	64**	BRC	5 353.2	123.5
I	Oriental Telecommunication Company Ltd (OTK)	Republic of Korea	50	KRW	1,950.0	19.4
I	Perwira Ericsson Sdn Bhd (PEM)	Malaysia	40	MYR	3.2	10.4
	Other					13.9
					<b>Total</b>	<b>226.2</b>
<b>OTHER COMPANIES</b>						
					<b>Total</b>	<b>30.8</b>

#### SHARES INDIRECTLY OWNED BY PARENT COMPANY

			Percent- age of ownership
<b>SUBSIDIARIES</b>			
<b>SWEDEN</b>			
I	Bofa Kabel AB (BOF)	Sweden	100
I	Ericsson Information Systems Sverige AB (EIV)	Sweden	91
I	Facit AB (FTS)	Sweden	91
I	Svenska Elgrossist AB, SELGA (SEG)	Sweden	67
I	Sonab Communications AB (SON)	Sweden	100
I	Thorsman & Co AB (TCN)	Sweden	100
<b>EUROPE (Excluding Sweden)</b>			
I	Dansk Signal Industri A/S (DSI)	Denmark	100
I	Ericsson Information Systems A/S (EIK)	Denmark	100
I	Ericsson Information Systems A/S (EIO)	Norway	91
I	Ericsson Information Systems GmbH (EIA)	Austria	91
I	Ericsson Information Systems Ltd (EIG)	United Kingdom	100
I	Ericsson Information Systems S.A. (EIF)	France	91
I	Facit S.A. (FTF)	France	91
I	LM Ericsson Ltd. (LMI)	Ireland	100
I	A.R.E. S.p.A. (ARE)	Italy	35
I	Ericsson Sistemi S.p.A. (EII)	Italy	51
I	FATME S.p.A. (FAT)	Italy	51
I	FIAR S.p.A. (FII)	Italy	51
I	Scarfini S.p.A. (SCI)	Italy	51
I	SIELTE S.p.A. (SEI)	Italy	51
I	Ericsson Information Systems bv (EIN)	The Netherlands	91

U.S.A. and CANADA	I	AutoTank Inc. (ATU)	U.S.A.	50
	I	Anaconda-Ericsson Communications Inc. (LMC)	Canada	50
LATIN AMERICA	I	Industrias Eléctricas de Quilmes S.A. (IEQ)	Argentina	50
	I	Facit S.A. (FTR)	Brazil	91
	I	Fios e Cabos Plásticos do Brasil S.A. (FCB)	Brazil	46
OTHER COUNTRIES	I	Fábricas Colombianas de Materiales Eléctricos Facomec S.A. (FAC)	Colombia	48
	I	LM Ericsson Pty. Ltd. (EPA)	Australia	100
ASSOCIATED COMPANIES	I	Björhagens Fabriker AB (BFA)	Sweden	25
	I	AB Elektrokoppar (EKS)	Sweden	25
	I	Kabeldon AB (KDA)	Sweden	50
	I	Oy DAVA Ab (DVF)	Finland	36
	I	A/S Norsk Kabelfabrik (NKD)	Norway	25
	I	Thorn Ericsson Telecommunications Ltd. (SEE)	United Kingdom	49
	I	Latinoamericana de Cables S.A. de C.V. (LCM)	Mexico	24
	I	Pirelli Ericsson Cables Ltd. (PEA)	Australia	50

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

\* Through subsidiary holdings, total holdings amount to 93% of EIB, 51% of ITS and 100% of EDC  
\*\* The voting shares total 26%.

## Note 9

### Other Noncurrent Assets

Other noncurrent assets includes negative goodwill, net of accumulated amortization, of Skr 61.0 million (debit) at December 31, 1983, and Skr 56.0 million (debit) at December 31, 1982.

## Note 10

### Property, Plant and Equipment

Property, plant and equipment is recorded at cost, including freight, customs duties and construction or installation costs (including labor and related overhead). However, revaluation adjustments have been made to certain land and buildings in accordance with accounting principles generally accepted in Sweden and in certain other countries.

Normal depreciation based on historical cost and revaluation adjustments is applied uniformly throughout the Company. Such depreciation is based on the estimated useful lives of the assets and the accumulated amounts are deducted from the value of the assets.

Total accumulated depreciation, including accelerated depreciation, in excess of the accumulated normal depreciation, is reported under Untaxed reserves in the balance sheet.

	Consolidated December 31		Parent Company December 31	
	1983	1982	1983	1982
	(in millions)			
<i>Cost</i>				
Land	158.1	162.5	28.1	28.3
Land improvements	57.9	56.2	20.9	20.9
Buildings	2,219.9	2,118.4	633.8	622.9
Telephone plants	879.3	760.2	—	—
Machinery and equipment	6,685.3	5,483.6	1,632.1	1,564.9
Construction in progress	366.1	516.2	115.3	158.7
	<u>10,366.6</u>	<u>9,097.1</u>	<u>2,430.2</u>	<u>2,395.7</u>
<i>Accumulated normal depreciation</i>				
Land improvements	18.2	14.8	7.7	6.9
Buildings	532.8	467.7	210.5	187.2
Telephone plants	281.9	248.3	—	—
Machinery and equipment	3,790.2	3,000.7	849.3	840.9
	<u>4,623.1</u>	<u>3,731.5</u>	<u>1,067.5</u>	<u>1,035.0</u>
<i>Net carrying value</i>	<u>5,743.5</u>	<u>5,365.6</u>	<u>1,362.7</u>	<u>1,360.7</u>
<i>Accumulated total depreciation</i>				
Land improvements	40.3	38.6	15.7	15.4
Buildings	1,019.4*	880.7*	245.6*	223.5*
Telephone plants	269.9	233.9	—	—
Machinery and equipment	4,189.1	3,415.3	1,157.8	1,152.9
	<u>5,518.7</u>	<u>4,568.5</u>	<u>1,419.1</u>	<u>1,391.8</u>
<i>Accumulated depreciation in excess of normal depreciation</i>	<u>895.6</u>	<u>837.0</u>	<u>351.6**</u>	<u>356.8</u>
* After transfer of accumulated depreciation in excess of normal depreciation to revaluation reserve with	358.9	358.9	303.4	303.4
** After transfer to subsidiaries of accumulated depreciation in excess of normal depreciation.			43.4	

	Consolidated December 31		Parent Company December 31	
	1983	1982	1983	1982
	(in millions)			

### Revaluation adjustments

Land	161.3	161.4	151.5	151.5
Buildings	462.6	462.6	343.8	343.8
	<u>623.9</u>	<u>624.0</u>	<u>495.3</u>	<u>495.3</u>
Less — Accumulated depreciation (buildings)	191.8	172.9	156.4	140.6
Net carrying value	<u>432.1</u>	<u>451.1</u>	<u>338.9</u>	<u>354.7</u>
<i>Tax assessment values (Sweden)</i>				
Land and land improvements	280.4	273.9	187.0	186.7
Buildings	<u>1,128.3</u>	<u>1,089.3</u>	<u>617.4</u>	<u>610.6</u>

## Note 11

### Short-Term Borrowings

Short-term borrowings consist of bank overdrafts, bank loans and other short-term financial loans.

Unused portion of lines of credit, for the company, amounted to Skr 2,059.3 million at December 31, 1983 and Skr 1,542.5 million at December 31, 1982.

## Note 12

### Other current liabilities comprised the following:

	Consolidated December 31		Parent Company December 31	
	1983	1982	1983	1982
	(in millions)			
Accrued expenses and prepaid revenues	1,947.3	1,657.0	682.0	740.8
Other	2,601.3	1,692.0	1,003.0	744.3
	<u>4,548.6</u>	<u>3,349.0</u>	<u>1,685.0</u>	<u>1,485.1</u>

## Note 13

### Debentures and Other Long-Term Liabilities

Debentures and other long-term liabilities, except convertible debentures and pension liabilities, include the following:

	December 31	
	1983	1982
	(in millions)	
<i>Parent Company (excl. liabilities to subsidiary companies)</i>		
Debentures (maturing from 1984 to 1994) bearing interest from 6.5% to 13.0% in 1983.	892.4	1,178.7
Mortgage and other collateralized loans (maturing from 1984 to 1993) bearing interest from 11.5% to 13.75% in 1983	234.7	273.7
Other long-term loans (maturing from 1984 to 1998), bearing interest from 7.3% to 13.2% in 1983	324.9	286.3
Other long-term liabilities	100.8	200.3
	<u>1,552.8</u>	<u>1,939.0</u>
Less — Current maturities	148.3	452.5
	<u>1,404.5</u>	<u>1,486.5</u>

### Subsidiaries

Mortgage and other collateralized loans (maturing from 1984 to 2010), bearing interest from 3.0% to 59.8% in 1983	1,962.2	1,146.1
Other long-term loans (maturing from 1984 to 2000) bearing interest from 3.0% to 36.0% in 1983	975.4	2,459.6
Other long-term liabilities	430.2	555.3
	3,367.8	4,161.0
Less - Current liabilities	733.4	417.8
	2,634.4	3,743.2
Total	4,038.9	5,229.7

Maturities of consolidated long-term debenture loans and other long-term loans, excluding other long-term liabilities in subsidiaries, at December 31, 1983 were as follows (in millions):

1985	769.2
1986	780.0
1987	508.8
1988	314.2
1989	468.2
1990 and thereafter through 2010	768.3
	3,608.7

At December 31, 1983 debentures and other long-term loans, excluding other long-term liabilities in subsidiaries, were repayable in the following currencies (in millions):

Swedish kronor	1,425.3
United States dollars	946.9
German marks	89.6
Australian dollars	162.7
Other currencies	984.2
	3,608.7

As stipulated in the Parent Company's debenture loans denominated in Swedish kronor, the Parent Company may not, unless granted an exemption, borrow on a long-term basis or issue certain guarantees exceeding an amount calculated as the Parent Company's equity plus a portion of certain of the untaxed reserves. At December 31, 1983 the Parent Company could borrow on a long-term basis (or issue certain guarantees for) an additional amount of Skr 3,299.5 million without violating the above agreements.

### Note 14

#### Convertible Debentures

In December 1981, the Company issued 15 year 9.5 % convertible debentures in the amount of U.S.\$40 million. The debentures are convertible from February 16, 1982 through February 5, 1997 into fully paid B shares at a conversion price, subject to adjustment in certain cases, of Skr 226 per B share (with a fixed rate of exchange, applicable on conversion of, U.S.\$1.00 = Skr 5.57875). Following the stock dividend in 1982 the conversion price was adjusted to Skr 150 per B share.

There was no conversion in 1982. In 1983, debentures with a par value of U.S.\$4.9 million were converted to shares. The number of shares outstanding thereby increased by 181,677. At December 31, 1983, U.S.\$35.1 million of principal amount remained which, if converted on that date, would have increased the number of outstanding B shares by 1,305,985. The conversion of all convertible debentures would not result in a material dilution of net income per share.

Because the B shares of the Company at December 30, 1983 were quoted at Skr 398 (U.S.\$49.70) on the Stockholm Stock Exchange it is, in the Company's opinion, probable that the debt will be converted. The liability has therefore been translated at the rate of exchange valid in January 1982 when the bond proceeds were collected, which rate approximates the fixed rate of exchange applicable on conversion.

### Note 15

#### Pension Liabilities

The provision for pensions in the Parent Company includes an obligation in the amount of Skr 789.6 million at December 31, 1983 and Skr 841.8 million at December 31, 1982 in accordance with an agreement with the Pension Registration Institute (PRI).

The corresponding amounts for the other Swedish companies were Skr 938.3 million (Skr 551.9 million).

### Note 16

#### Stockholders' Equity

Capital Stock at December 31, 1983 consisted of the following:

	Number of shares outstanding	Aggregate par value (Skr millions)
A shares (par value Skr 50)	3,728,515	186.4
B shares (par value Skr 50)	33,135,908	1,656.8
	36,864,423	1,843.2

The capital stock of the Company is divided into two classes:

Class A shares (par value Skr 50) and Class B shares (par value Skr 50). Both classes have the same rights of participation in the net assets and earnings of the Company; however, Class A shares are entitled to one vote per share while Class B shares are entitled to 1/1000th of one vote per share.

#### Reserves not available for distribution

In accordance with statutory requirements in Sweden and certain other countries in which the Company is operating, the Parent Company and its subsidiaries and associated companies maintain reserves that are not available for distribution.

Generally, investments in subsidiaries and associated companies and property, plant and equipment may be revalued in accordance with the Swedish Accounting Act. Revaluation adjustments to property, plant and equipment must be depreciated when required under accounting principles generally accepted in Sweden. Land and buildings may be revalued up to a maximum of the tax assessed value of the assets if the value of the assets is considerably higher than their underlying carrying value. The Swedish Companies Act requires that revaluations are to be credited to capital stock or to reserves not available for distribution and that they may be used for necessary write-downs of other items of property, plant and equipment and other noncurrent assets.

Increases or decreases in reserves not available for distribution have no effect on net income.

Until December 31, 1982 the accumulated income after acquisition in associated companies was partly included in retained earnings. From 1983 the total accumulated income is accounted for as reserves not available for distribution. As a consequence, an amount of Skr 250.9 million (inclusive of income in 1983) has been transferred from retained earnings to reserves not available for distribution.

#### Cumulative translation adjustments

This component of stockholders' equity consists of translation adjustments resulting from the translation of financial statements of subsidiaries and associated companies to the extent that the local currencies of such companies are considered to be functional currencies in accordance with Statement No. 52 of the Financial Accounting Standards Board of the U.S.A. (SFAS 52).

#### Changes in stockholders' equity (in millions)

Consolidated	Capital stock	Reserves not available for distribution	Cumulative translation adjustments	Retained earnings	Total
Balance, January 1, 1983	1,634.1	1,512.1	187.9	822.1	4,156.2
Appropriations to legal reserves	-	345.7	-	-345.7	-
Issue of 4,000,000 Class B shares	200.0	1,593.8	-	-	1,793.8
Conversion of debentures	9.1	18.2	-	-	27.3
Dividends	-	-	-	-245.1	-245.1
Changes in Cumulative translation adjustments	-	-	-23.2	-	-23.2
Net income for 1983	-	-	-	510.1	510.1
Balance, Dec. 31, 1983	1,843.2	3,469.8	164.7	741.4	6,219.1

Of the retained earnings, Skr 52.0 million will be appropriated to reserves not available for distribution in accordance with the proposals of the respective companies' boards of directors. In evaluating the consolidated financial position, it should be noted that earnings in the foreign companies may in certain cases be subject to taxation when transferred to Sweden and that, in some instances, such transfers of earnings may be limited by currency restrictions.

Details of changes in cumulative translation adjustments (in millions):

	1983	1982
Balance, beginning of year	187.9	—
Effect resulting from the adoption of SFAS 52	—	51.4
Aggregate translation adjustments	-13.6	136.5
Gains and losses from hedges of investments in foreign entities	-9.6	—
Balance, end of year	164.7	187.9

<i>Parent Company</i>	<i>Capital stock</i>	<i>Reserves not available for distribution</i>	<i>Retained earnings</i>	<i>Total</i>
Balance, January 1, 1983	1,634.1	555.7	452.1	2,641.9
Issue of 4,000,000 Class B shares	200.0	1,593.8	—	1,793.8
Conversion of debentures	9.1	18.2	—	27.3
Dividends	—	—	-245.1	-245.1
Net income for 1983	—	—	335.1	335.1
Balance, December 31, 1983	1,843.2	2,167.7	542.0	4,552.9

#### Note 17

<b>Assets Pledged as Collateral</b>	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>December 31</i>		<i>December 31</i>	
	1983	1982	1983	1982
	<i>(in millions)</i>			
Real estate mortgages	1,231.4	1,323.0	356.1	387.9
Other mortgages	958.1	923.7	460.0	460.0
Shares of stock	233.9	236.7	233.9	233.9
Accounts receivable — trade	414.2	267.2	—	—
Bank deposits	27.1	24.1	—	0.1
	2,864.7	2,774.7	1,050.0	1,081.9

#### Note 18

<b>Contingent Liabilities</b>	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>December 31</i>		<i>December 31</i>	
	1983	1982	1983	1982
	<i>(in millions)</i>			
Discounted notes receivable	306.5	72.3	136.2	—
Receivables sold with recourse	1,342.7	680.9	408.9	223.0
Other guarantees	1,561.0	799.6	719.4	977.4
	3,210.2	1,552.8	1,264.5	1,200.4

Of the guarantees assumed by the Parent Company, Skr 661.3 million at December 31, 1983 and Skr 806.8 million at December 31, 1982 related to subsidiary companies.

#### Note 19

##### Investments in Associated Companies and Joint Venture

The Company has interests in associated companies which are accounted for under the equity method. Details of such investments are given in Note 8.

The Company also has a 50 % interest in a joint venture in Saudi Arabia with Philips Gloeilampenfabrieken NV of Holland for the expansion of the telephone system in Saudi Arabia. The Company's equity in net income of the joint venture is included in Other operating revenues.

Intercompany profits arising on transactions between the Company and associated companies and the joint venture have been eliminated in the consolidated financial statements.

Dividends received from companies accounted for under the equity method were Skr 26.6 million in 1983 and Skr 36.3 million in 1982.

Undistributed earnings of associated companies included in consolidated equity were Skr 430.4 million at December 31, 1983 and Skr 409.3 million at December 31, 1982.

#### Note 20

##### United States Generally Accepted Accounting Principles

Elements of the Company's accounting policies which differ significantly from United States generally accepted accounting principles are described below:

##### (a) Revaluation of assets

Certain land and buildings have been revalued at an amount in excess of cost. This procedure, under certain circumstances, is allowed under Swedish accounting practice. Accounting principles generally accepted in the United States do not permit the revaluation of assets in the primary financial statements.

##### (b) Appropriations and Untaxed Reserves

As previously described in Note 2 and Note 4, the Company is allowed to develop appropriations to untaxed reserves which are used principally to defer income taxes. For financial reporting purposes, these appropriations are de-

ducted in determining income before taxes. Accounting principles generally accepted in the United States would not allow such appropriations to be charged to income.

##### (c) Capitalization of Interest Expenses

In accordance with Swedish accounting principles, the Company has not capitalized interest costs incurred in connection with the financing of expenditures for the construction of property, plant and equipment. Such costs are required to be capitalized in accordance with accounting principles generally accepted in the United States.

##### (d) Business Combination Adjustments

In accordance with Swedish accounting practice, the Company shows negative goodwill as a deferred credit which is released as income over a period not exceeding ten years (also see Accounting Policies (b) and Note 9). Under accounting principles generally accepted in the United States, negative goodwill should be applied as a reduction of noncurrent assets acquired and be amortized over the economic life of each asset.

In accordance with Swedish accounting practice, the Company has recognized the tax benefits of loss carry-forwards of purchased subsidiaries as a reduction of current tax expense. Under accounting principles generally accepted in the United States, the tax effect of loss carry-forwards of purchased subsidiaries is recognized as an asset at the date of purchase when realization is assured beyond any reasonable doubt.

Under accounting principles generally accepted in the United States, a premium or discount should be imputed for a loan which bears an interest rate materially above or below the current yield for an otherwise comparable loan. It is not normal under Swedish accounting practice to adjust the face value of a loan for imputed interest. In connection with the acquisition of Datasab AB (now Ericsson Information Systems AB), non-interest-bearing extended credit terms were received from the former owners. In computing the required adjustments to arrive at net income and stockholders' equity under United States generally accepted accounting principles the interest-free characteristic of the extended credit terms has been taken into account.

##### (e) Tax Effects on Intercompany Transactions

Under accounting principles generally accepted in the United States, income taxes paid by a selling company on intercompany profit eliminated in consolidation is deferred as a prepaid income tax. No such deferral is made under Swedish accounting practice since deferred income tax accounting is not applied in Sweden.

##### (f) Income Taxes on Undistributed Earnings of Associated Companies

It is not Swedish accounting practice to provide for income taxes on undistributed earnings of companies accounted for in accordance with the equity method. Under accounting principles generally accepted in the United States, an investor should accrue for the tax effects resulting from distribution of undistributed earnings.

##### (g) Translation of Noncurrent Receivables and Long-Term Liabilities

Under accounting principles generally accepted in the United States, all assets and liabilities denominated in foreign currencies are translated at the current exchange rate. Under Swedish accounting practice, exchange gains relating to noncurrent receivables denominated in foreign currencies may not be recorded as income until realized, and exchange losses relating to long-term liabilities denominated in foreign currencies may be amortized over the remaining lives of the long-term loans.

Under accounting principles generally accepted in the United States, convertible debentures denominated in a foreign currency should be translated at the current rate. The Company has considered the convertible debt as a non-monetary item, since it considers conversion probable, and has therefore translated the convertible debt at the rate of exchange valid at the date when the bond proceeds were collected (see also Note 14).

##### (h) Accounting for Forward Exchange Contracts

The Company has entered into certain forward exchange contracts primarily in respect of installation and equipment sales.

While these contracts do not meet the provisions of Statement No. 8 of the Financial Accounting Standards Board of the U.S.A. (SFAS 8, used by the Company until December 31, 1981 for the translation of transactions in foreign currency for the determination of income according to accounting principles generally accepted in the United States), requiring immediate linkage of the date of the hedging transaction with the date of the hedged foreign currency commitment, SFAS 52, applied as from January 1, 1982, requires gains and losses on such contracts to be included in the measurement of the related transactions. The net income in 1982 determined in accordance with accounting principles generally accepted in the U.S.A. includes a credit, after tax, of Skr 21.6 million as a result of releasing the accrued loss at December 31 1981 to income.

##### (i) Research and Development Expenses

Under accounting principles generally accepted in the United States, research and development expenses are to be expensed as incurred. Under Swedish accounting practice, such expenses may be capitalized under certain circumstances. The Company abandoned in 1983 the principle of capitalizing certain research and development expenses.



### (j) Stock Issue Costs

The costs incurred by the Company relating to the issue of new shares in 1983 have been charged to income in accordance with accounting principles generally accepted in Sweden. Accounting principles generally accepted in the United States require that such costs be debited to stockholders' equity.

### (k) Deferred Income Taxes

There is no provision for deferred income taxes under Swedish accounting practice. Accounting principles generally accepted in the United States require comprehensive deferred tax allocation on all significant timing differences.

Deferred income taxes calculated for the purpose of reflecting net income in accordance with accounting principles generally accepted in the United States are as follows (in millions):

	1983	1982
Appropriations to untaxed reserves	509.6	276.0
Other items, net	-21.6	-2.8
	<u>488.0</u>	<u>273.2</u>

### (l) Net Income per Share

As previously described under Accounting Policies (k), net income per share, in accordance with accounting principles generally accepted in Sweden is not based upon net income. Accounting principles generally accepted in the United States require that net income be utilized in the computation of per-share amounts.

Calculation of net income per share has been based on 35,330,601 shares as the weighted average number of shares outstanding in 1983. The weighted average number of shares outstanding in 1982 was 32,682,746. No fully diluted earnings per share data is presented, since the conversion of outstanding convertible debentures would not result in a material dilution of net income per share.

The utilization of tax loss carry-forwards, included in the reconciliation of the effective worldwide tax rate, in all material respects relates to purchased tax loss carry-forwards, included in the reconciliation item "Business combination adjustments" (see (d) above) which have no effect on net income determined in accordance with accounting principles generally accepted in the United States. The Company maintains that the effect on income of utilized loss carry-forwards is not of such materiality that income per share before the effect of utilized loss carry-forwards should be presented.

The application of accounting principles generally accepted in the United States, as described above, would have had the following approximate effect on consolidated net income and stockholders' equity. It should be noted that, in arriving at the individual items increasing or decreasing reported net income, consideration has been given to the effect of minority interests.

For the years ended December 31,  
1983 1982  
(Skr millions, except per-share amounts)

Net income as reported in the consolidated income statements	510.1	367.7
Items increasing reported income		
Depreciation on revalued assets	18.9	19.0
Appropriations, except depreciation in excess of normal depreciation	734.6	455.0
Capitalization of interest expenses	13.9	20.0
Tax effects of intercompany transactions	60.3	4.8
Accounting for forward exchange contracts	-	49.8
Research and development expenses	20.0	-
Stock issue costs	19.0	-
Income taxes on undistributed earnings of associated companies	5.2	-4.6
	<u>871.9</u>	<u>544.0</u>
Items decreasing reported income		
Business combination adjustments	7.3	78.2
Translation of noncurrent receivables and long-term liabilities	12.0	34.4
Deferred income taxes	488.0	273.2
	<u>507.3</u>	<u>385.8</u>
Net increase in reported net income	364.6	158.2
Approximate net income in accordance with accounting principles generally accepted in the United States	874.7	525.9
Approximate net income per share in accordance with accounting principles generally accepted in the United States	24.76	16.09
		December 31, 1983 1982
Approximate stockholders' equity in accordance with accounting principles generally accepted in the United States	7,440.3	5,069.9

## SUPPLEMENTARY INFORMATION UNDER THE SWEDISH COMPANIES ACT

### Average Number of Employees and Remuneration

	Consolidated		Parent Company	
	Average number of employees	Remuneration (Skr millions)	Average number of employees	Remuneration (Skr millions)
Sweden	32,677	3,191.0	14,746	1,402.0
Other countries	37,746	3,783.8	1,261	195.4
	<u>70,423</u>	<u>6,974.8</u>	<u>16,007</u>	<u>1,597.4</u>

Paid to Board of Directors, President and Corporate Executive Vice Presidents 4.5

Remuneration in foreign currency have been translated to Swedish kronor at average exchange rates for the year.

The Parent Company has operational units with 20 employees or more in 16 Swedish municipalities and has operations in 22 countries. Corresponding figures for the Group are 41 operational units in Sweden and operations in 64 countries.

A detailed table showing the average number of employees and the amounts of remuneration, 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 Skr 0.01 million have been made to board members and managing directors within the Group.

Guarantees totaling Skr 0.02 million have been made as security for loans obtained by board members and managing directors in Group companies.

Loans totaling Skr 19.3 million have been made to a total of 3,917 employees for the purchase of shares in LM Ericsson's Share Saving Fund. Pledges of assets totaling Skr 19.4 million have been made as collateral for loans obtained by employees for the purchase of housing.

## INVESTOR PUBLICATIONS

Financial publications, such as the annual report, interim reports and form 20-F (filed with The Securities and Exchange Commission, U.S.A. no later than June 30 every year) can be obtained without charge by contacting: Telefonaktiebolaget LM Ericsson, Corporate Relations, S-126 25 Stockholm.

### Definitions of terms used in "Ten-Year Summary" on page 4

**Operating income.** Takes into account normal depreciation in the years 1980 through 1983, total depreciation in the years 1974 through 1979.

**Financial income less financial expenses.** Financial expenses include translation adjustments 1974 through 1981. Financial expenses in 1982 and 1983 include gains less losses on foreign exchange as explained in Note (d) under "Accounting Policies".

**Minority interest in income before appropriations and taxes.** This item exists in the years 1981-1983 only. Prior to 1981, minority interest was based on the subsidiary companies' net income.

**Adjusted net income per share.** See Note (k) under Accounting Policies and Note 5.

**Property, plant and equipment.** Stated net of accumulated normal depreciation at December 31, 1980-1983 and net of total depreciation at December 31, 1974-1979.

**Current ratio.** Current assets divided by current liabilities.

**Return on equity.** Defined as net income (after actual taxes paid and estimated deferred taxes) expressed as a percentage of average adjusted stockholders' equity. Average adjusted stockholders' equity is defined as stockholders' equity as shown in the balance sheet plus 50 percent of untaxed reserves (assuming 50 percent of deferred taxes).

**Equity ratio I.** Defined as the total of stockholders' equity, 50 percent of untaxed reserves and minority interest in equity of consolidated subsidiaries, expressed as a percentage of total assets.

**Equity ratio II.** Defined as the total of stockholders' equity, untaxed reserves and minority interest in equity of consolidated subsidiaries, expressed as a percentage of total assets.

**Debt-equity ratio.** Defined as total interest-bearing liabilities expressed as a percentage of the total of stockholders' equity, 50 percent of untaxed reserves and minority interest in equity of consolidated subsidiaries.

# 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 1983 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 positions 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 1983.

Stockholm, March 21, 1984

*David Jones*  
Chartered Accountant  
Price Waterhouse

*Nils-Axel Frisk*

*Jörgen Eskilson*  
Swedish Authorized Public Accountant  
Price Waterhouse

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## Annual General Meeting

### ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Stockholm Fair, Mässvägen 1, Älvsjö at 2.00 p.m. Thursday May 3, 1984.

Shareholders intending to participate in the Annual General Meeting must be entered as shareholders in the share register kept by Värdepapperscentralen VPC AB (Swedish Securities Register Center) not later than April 19, 1984. 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 Telefonaktiebolaget LM Ericsson, S-126 25 Stockholm, between 10.00 a.m. and 4.00 p.m. daily, not later than Monday, April 30, 1984 at 4.00 p.m.

### DIVIDEND

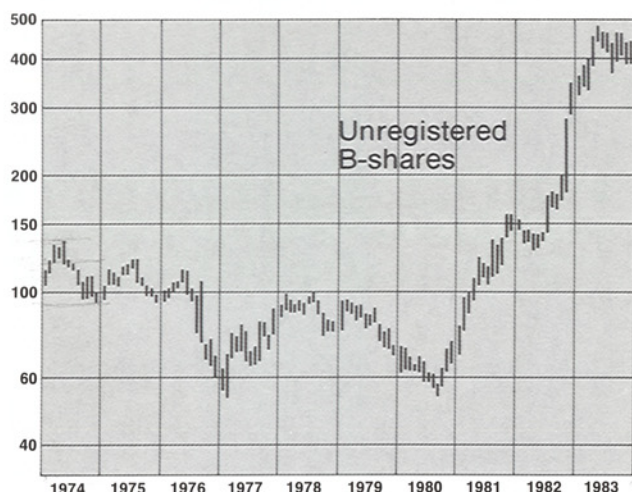
The Board of Directors has proposed May 8, 1984 as the record day for payment of dividends. Provided this proposal is approved, the dividend is expected to be paid by

Värdepapperscentralen VPC AB on May 15, 1984.

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.

# LM Ericsson Share Data



## DIVIDEND GROWTH

Average increase per year, percent:

Period	Dividend	Consumer price index
1974-1983	12.9	10.2
1979-1983	20.7	10.1
1974-1978	5.6	10.3

## CHANGE IN CAPITAL STOCK

	Number of shares	Capital stock
1974 January 1	15,380,117	769,005,850
1976 1-for-4 stock dividend	3,845,029	192,251,450
1-for-6 new issue Skr 75	2,563,352	128,167,600
1982 1-for-2 stock dividend	10,894,248	544,712,400
1983 Conversions	181,677	9,083,850
Special new issue US\$ 62½	4,000,000	200,000,000
1983 December 31	36,864,423	1,843,221,150

## Distribution of shares (February 1984)

Size of holding	Shareholders		Shares		Number of shares per shareholder
	Number	%	Number	%	
1- 500	65,700	94.0	6,278,000	17.0	100
501- 1000	2,460	3.5	1,703,000	4.6	690
1001- 2000	970	1.4	1,342,000	3.7	1,380
2001- 5000	425	0.6	1,314,000	3.6	3,090
5001-10 000	116	0.2	823,000	2.2	7,090
10 001-20 000	65	0.1	968,000	2.6	14,900
More than 20 000	134	0.2	24,437,000	66.3	182,000
	app. 69,900	100.0	36,864,423	100.0	530

## STOCKHOLDERS

At year-end 1983 approximately 40 percent of the Company's shares were held by shareholders outside Sweden. Of these holdings, 12,312,923 shares (33 percent) were in the form of American Depository Receipts (ADRs).

The number of stockholders registered by Värdepapperscentralen VPC AB (Swedish Securities Register Center) in February 1984 was approximately 69,900.

LM Ericsson's largest stockholders, ranked by voting rights, December 31, 1983.

	Number of shares	Percentage of voting rights
AB Industrivärden	1,155,000	22.3
Förvaltnings AB Providentia	444,000	11.8
AB Investor	394,000	10.5
Allmänna Pensionsfonden, Fjärde fondstyrelsen	1,146,884	8.7
Knut och Alice Wallenbergs Stiftelse	520,626	5.5
Svenska Handelsbankens Pensionsstiftelse	187,772	5.0
Stockholms Enskilda Banks Pensionsstiftelse	136,673	3.6
Pensionskassan SHB Försäkringsförening	136,497	3.6
Svenska Personal- Pensionskassan (SPP)	1,462,199	2.6
Stiftelsen Oktogonen	72,246	1.9

## STOCK EXCHANGE TRADING

"A" and "B" shares are listed on the Stockholm Stock Exchange.

"B" shares are listed on the exchanges in Düsseldorf, Frankfurt am Main, Geneva, Hamburg, London, Oslo and Paris. In the U.S., the Company's American Depository Receipts (ADRs) are quoted in the over-the-counter market through NASDAQ (National Association of Securities Dealers Automatic Quotation System). Each ADR represents one B share.

Number of LM Ericsson shares traded on the Stockholm Stock Exchange and through the NASDAQ system respectively was as follows:

Year	Stockholm Stock Exchange	NASDAQ USA
1983	8,779,949	18,663,600
1982	7,207,016	3,452,700
1981	5,220,746	7,100
1980	2,930,086	1,900

Sources: Stockholm Stock Exchange, NASDAQ

Exports of LM Ericsson shares from Sweden and imports of such shares to Sweden during the years 1981 through 1983 were as follows (millions of kronor):

Year	Exports	Imports	Net
1983	4,071.3	1,057.8	3,013.5
Of which, special new issue	1,798.6		1,798.6
1982	1,389.7	487.3	902.4
1981	372.2	212.1	160.1

Sources: Bank of Sweden and Swedish Bank Inspection Board

# Board of Directors

## Members



HANS WERTHÉN

**HANS WERTHÉN**  
Chairman  
Chairman of the Boards of  
AB Electrolux and Gränges AB

**JAN WALLANDER**  
Deputy Chairman  
Chairman of the Boards of Svenska  
Handelsbanken and Dagens  
Nyheter AB

**PETER WALLEMBERG**  
Deputy Chairman  
First Deputy Chairman of  
the Board of Skandinaviska  
Enskilda Banken, Chairman of  
the Boards of Atlas Copco AB,  
AB Investor, Providentia and  
SKF AB

**ÅKE ANDERSSON**  
Employee representative

**LENNART DAHLSTRÖM**  
Former President of the National  
Pension Insurance Fund  
Chairman of the Board of AB Marabou

**PAUL KVAMME**  
Employee representative

**PER LINDBERG**  
President of Industrivärden AB  
Chairman of the Boards of PLM AB  
and Gunnebo AB

**SVEN OLVING**  
President of Chalmers University of  
Technology  
Chairman of the Board of Volvofinans AB

**STEN RUDHOLM**  
Marshal of the Realm  
Member of the Swedish Academy

**SVEN ÅGRUP**  
Chairman of the Boards  
of AGA AB and Pharos AB

**BJÖRN SVEDBERG**  
President and Chief Executive Officer

## Deputy Members

**TORSTEN BENGTSON**  
Employee representative

**CARL AXEL BRUNO**  
Employee representative

**HÅKAN LEDIN**  
Corporate Executive Vice President

**ARNE MOHLIN**  
Corporate Executive Vice President

**FRITZ STAFFAS**  
Corporate Executive Vice President

**JAN STENBERG**  
Corporate Executive Vice President

# Auditors

## Statutory Auditors

**DAVID JONES**  
Chartered Accountant,  
Price Waterhouse

**NILS-AXEL FRISK**  
Executive Vice President (Finance),  
Swedish Staff Pension Fund

**JÖRGEN ESKILSON**  
Authorized Public Accountant,  
Price Waterhouse

## Deputy Auditors

**OLOF HEROLF**  
Authorized Public Accountant,  
Price Waterhouse

**KARL-AXEL LINDEROTH**  
President, Swedish Staff Pension  
Fund

**CARL-ERIC BOHLIN**  
Authorized Public Accountant,  
Price Waterhouse

# Corporate Officers



*Jan Stenberg*

*Håkan Ledin*

*Fritz Staffas*

*Björn Svedberg*

*Arne Mohlin*

## Corporate Executive Committee

**BJÖRN SVEDBERG**  
Chief Executive Officer  
President Telefonaktiebolaget  
LM Ericsson

**HÅKAN LEDIN**  
Corporate Executive Vice President  
Business Area Information Systems  
Chairman of the Board of  
Ericsson, Inc, USA

**ARNE MOHLIN**  
Corporate Executive Vice President  
Production  
Business Area Other Operations

**FRITZ STAFFAS**  
Corporate Executive Vice President  
and Chief Financial Officer

**JAN STENBERG**  
Corporate Executive Vice President  
and General Counsel  
Business Area Cable  
President Sieverts Kabelverk AB

**LARS EDMARK**  
Corporate Vice President  
Markets

**OVE ERICSSON**  
Corporate Vice President  
Business Area Public Telecommunications

**ULF H. JOHANSSON**  
Corporate Vice President  
Business Area Defense Systems

**NILS HOLMGREN**  
Corporate Vice President  
Auditing

**BO LANDIN**  
Corporate Vice President  
Markets

**STIG LARSSON**  
Corporate Vice President  
Business Area Components  
President AB RIFA

**MAGNUS LEMMEL**  
Corporate Vice President  
Markets

**GÖSTA LINDBERG**  
Corporate Vice President  
and Chief Technical Officer

**BJÖRN LINTON**  
Corporate Vice President  
Business Area Network Engineering and  
Construction

**ÅKE LUNDQVIST**  
Corporate Vice President  
Business Area Radio Communications  
President Ericsson Radio Systems AB

**KARL-AXEL LUNELL**  
Corporate Vice President  
Markets

**LARS RAMQVIST**  
Corporate Vice President  
Corporate Planning

**HANS SUND**  
Corporate Executive Vice President  
Subsidiaries

**ROLF SKILLNER**  
Corporate Vice President  
Personnel and Organization

# The Ericsson Group

Parent Company, Subsidiaries, Associated Companies, Regional and Technical Offices

## ALGERIA

Telefonaktiebolaget LM Ericsson  
Bureaux Techniques d'Algérie  
El Djazair  
Gunnar Forsgren

## ARGENTINA

Compañía Ericsson S.A.C.I.  
Buenos Aires

Compañía Argentina de  
Teléfonos S.A.  
Buenos Aires  
Sven Lönnström

Compañía Entrerriana de  
Teléfonos S.A.  
Buenos Aires  
Sven Lönnström

Industrias Eléctricas de  
Quilmes S.A.  
Quilmes  
Fereydoun Kia

## AUSTRALIA

DML Engineering Pty. Ltd.  
Sydney  
Geoff J. Donnan

LM Ericsson Pty. Ltd.  
Broadmeadows  
Lars Estberger

LM Ericsson  
Finance Pty. Ltd.  
Broadmeadows  
Lars Estberger

NIRA Australia Pty. Ltd.  
Alexandria  
Gerard Bouwman

Pirelli Ericsson Cables Ltd.  
Campbelltown  
Warren Greentree

Rifa Pty. Ltd.  
Preston  
Phil Phillips

## AUSTRIA

Ericsson Information Systems  
Ges.m.b.H.  
Vienna  
Philippe Monheim

Facit-Addo Büromaschinen  
Vertriebsgesellschaft mbH  
Vienna  
Magnus Stenberg

Nira Ges.m.b.H.  
Salzburg  
Marco Broggi

## BELGIUM

Ericsson Information Systems  
NV/SA  
Brussels  
Göran Schlyter

N.V. Nira Communications  
Systems  
Zuid  
Freddy Michielsen

## BOLIVIA

Ericsson de Bolivia  
Telecomunicaciones S.A.  
La Paz  
Bengt Linder

## BRAZIL

Ericsson do Brasil Comércio  
e Indústria S.A.  
Sao Paulo  
Sérgio Monteiro de Carvalho

Facit S.A.  
Sao Paulo  
Lars Jarnryd

Fios e Cabos Plásticos  
do Brasil S.A.  
Rio de Janeiro  
Jan Andersson

## CANADA

Ericsson Communications Inc.  
Toronto  
Brian Durance

## CHILE

Compañía Ericsson de Chile S.A.  
Santiago  
Jan Hartzell

## COLOMBIA

Ericsson de Colombia S.A.  
Bogotá  
Rolf Bäckström

Fábricas Colombianas de Mate-  
riales Eléctricos Facomec S.A.  
Cali  
Kaj Nielsen

## COSTA RICA

Ericsson de Costa Rica S.A.  
San José  
Gerardo Valverde

## DENMARK

Dansk Signal Industri A/S  
Copenhagen  
Adolf Wiuff

LM Ericsson A/S  
Copenhagen  
Asbjørn Dehlie

Ericsson Information Systems A/S  
Copenhagen  
Steen Bundgaard

Ericsson Radio Systems A/S  
Tåstrup  
Lars Damm-Jensen

Facit A/S  
Copenhagen  
Erik Aa Larsen

Brdr B&E Hansen A/S  
Copenhagen  
Per Grøntved Svendsen

GNT Automatic A/S  
Copenhagen  
Per Baatrup

Programatic A/S  
Copenhagen  
Jørgen Ogstrup

Thorsman & Co ApS  
Ishøj  
Kurt Jensen

## ECUADOR

Teléfonos Ericsson C.A.  
Quito  
Kjell Björk

## EGYPT

Telefonaktiebolaget LM Ericsson  
Egypt Branch  
Cairo  
Lennart Nilsson

## EL SALVADOR

Telefonaktiebolaget LM Ericsson  
Sucursal El Salvador  
San Salvador  
Stig Sandmark

## FINLAND

Programatic Oy  
Helsinki  
Rolf Saxen

Oy LM Ericsson Ab  
Jorvas  
Yngve Ollus

Oy Ericsson Radiopuhelin Ab  
Esbo  
Tor Grönholm

Oy DAVA Ab  
Esbo  
Anders Kranck

Oy Thorsman & Co Ab  
Helsinki  
Peter Ahlberg

## FRANCE

Ericsson Information Systems S.A.  
Vélizy - Villacoublay  
Stellan Horwitz

Facit S.A.  
Colombes  
Stellan Horwitz

Nira S.A.  
Paris  
Julien Rubinstein

RIFA S.A.  
Boulogne Sur Mer  
Claude de Peyron

SPETELC  
Paris  
Michel Avanessoff

## GREECE

Ericsson (Hellas) Telecommuni-  
cations Equipment S.A.  
Athens  
Lars Christofferson

## GUATEMALA

Ericsson de Guatemala S.A.  
Guatemala City  
Stig Sandmark

## HAITI

Telefonaktiebolaget LM Ericsson  
Bureau Technique d'Haiti  
Port-au-Prince

## HONG KONG

LM Ericsson International AB,  
East Asia  
Hongkong  
Hans Augustinsson

## INDIA

Ericsson India Ltd.  
New Delhi  
Satish C. Sood

Facit Asia Ltd.  
Madras  
Gösta Rundberg

## IRAN

Simco Ericsson Ltd.  
(Private Joint Stock Company)  
Tehran  
Parvis Hurfar

## IRAQ

Telefonaktiebolaget LM Ericsson  
Iraq Branch  
Baghdad  
Anders Töpffer

## IRELAND

LM Ericsson Ltd.  
Athlone  
Vincent Daly

Ericsson Information Systems Ltd.  
Dublin  
Vincent Daly

Thorsman Ireland Ltd.  
Drogheda  
Åke Vikander

<b>ITALY</b>	Facit (Malaysia) Sdn Bhd Shah Alam Wong Pem Lam	Lehmkuhl Radio Systemer A/S Oslo Trygve Gjertsen	<b>SPAIN</b>
A.R.E. Applicazioni S.p.A. Castellanza Franco Arzano	Perwira Ericsson Sdn Bhd Shah Alam Kamaludin bin Abdul Kadir	A/S Norsk Kabelfabrik Drammen Egil Halvorsen	Ericsson S.A. Madrid José L. Solla
Ericsson Sistemi S.p.A. Rom Giorgio Procaccia	<b>MEXICO</b>	Programatic Norge A/S Oslo Odd Hübert	Industrias de Telecomunicación S.A. (Intelsa) Madrid Georg Dahlström
Facit Data Products S.p.A. Milan Vittorio Amigoni	Ericsson Programatic de Mexico S.A. de C.V. Mexico D.F. Jonny Speich	RIFA - HØYEM A/S Oslo Tor Jakob Høyem	Programatic S.A. Madrid Alberto Harriague
FATME, S.p.A. Rome Sergio Mercuri	Facit Manufacturera S.A. Mexico D.F. Gerard Skladal	A/S Telesystemer Oslo Jo Devold	<b>SWEDEN</b>
FIAR, S.p.A. Milan Silvano Casini	Grupo Condumex S.A. Mexico D.F. Julio Gutierrez	Thorsman & Co A/S Oslo Dag Thjømøe	Telefonaktiebolaget LM Ericsson Stockholm Björn Svedberg
Scarfini S.p.A. Rome Pietro Carli	Latinoamericana de Cables S.A. de C.V. San Luis Potosi Bo Gustafsson	<b>NEW ZEALAND</b>	Addo Försäljnings AB Åtvidaberg Lennart Gustafsson
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<b>REPUBLIC OF KOREA</b>	Ericsson Programtic Rijen Jan Sauer	<b>PANAMA</b>	AutoTank AB Stockholm Robin Howe
AB Erifon Branch Office Korea Seoul Olof Haag	Ericsson Telefoonmaatschappij BV Rijen Björn Jönsson	Telequips S.A. Panama Harold Sandoval	Bjurhagens Fabrikers AB Malmö Fredrik Croneborg
Oriental Telecommunication Company, Ltd. Seoul Young Man Lee/Kevin Casey	Nira International BV Emmen Nick R. de Graaf	<b>PERU</b>	Bofa Kabel AB Kungsbacka Staffan Boström
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<b>LEBANON</b>	<b>NETHERLANDS ANTILLES</b>	<b>POLAND</b>	ELLEMTEL Utvecklings AB Stockholm Sten-Olof Johansson
Société Libanaise des Téléphones Ericsson Beirut Hugo Agnvall	Telefonaktiebolaget LM Ericsson Technical Office Curacao Lennart Rosell	Telefonaktiebolaget LM Ericsson Technical Office Poland Warszaw Eugeniusz Marian Ciszek	E-P Data AB Karlskrona Urban Jansson
<b>LIBYA</b>	<b>NIGERIA</b>	<b>PORTUGAL</b>	Aktiebolaget LM Ericsson Finans Stockholm Björn Törnvall
Telefonaktiebolaget LM Ericsson Libya Branch Tripoli Magne Limevåg	LM Ericsson (Nigeria) Ltd. Lagos Lars G Selin	Sociedade Ericsson de Portugal Lda Lisbon José Rebelo Pereira	Ericsson Information Systems AB Stockholm Rolf Eriksson
<b>MALAYSIA</b>	<b>NORWAY</b>	<b>SAUDI ARABIA</b>	Ericsson Information Systems Sverige AB Stockholm Jan Rudberg
Ericsson Telecommunications Sdn Bhd Shah Alam Bengt Forssberg	A/S Elektrisk Bureau Nesbru Kjell Kveim	Saudi Ericsson Communications Co Ltd Riyadh Abdullah Al Banyan	LM Ericsson Programatic AB Stockholm Lars Irtstad
	Ericsson Information Systems A/S Oslo William Svedberg	Telefonaktiebolaget LM Ericsson Saudi Arabia Branch Riyadh Lennart Kalling	Ericsson Radio Systems AB Stockholm Åke Lundqvist

Ericsson Security and  
Tele Systems AB  
Stockholm  
Per-Olof Åkerberg

Erisoft AB  
Luleå  
Sture Johansson

AB Essve Produkter  
Stockholm  
Leif Almstedt

Facit AB  
Stockholm  
Lennart Detlefsen

AB ID-kort  
Solna  
Björn Lundgren

Industrigruppen JAS AB  
Stockholm  
Harald Schröder

Kabeldon AB  
Alingsås  
Sören Bååth

Magnetic AB  
Stockholm  
Per Kjellnäs

Mellansvenska Elektriska AB  
Stockholm  
Valter Nyström

John Mårtensson Elmaterial AB  
Helsingborg  
Roland Andersson

Pronesto AB  
Stockholm  
Birger Flygare

RIFA AB  
Stockholm  
Stig Larsson

Sieverts Kabelverk AB  
Stockholm  
Jan Stenberg

Sonab Communications AB  
Gävle  
Flemming Örneholm

Svenska Elgrossist AB SELGA  
Stockholm  
Göran Brodin

Thorsman & Co AB  
Nyköping  
Jan Cedwall

Töcksfors Verkstads AB  
Töcksfors  
Kenneth Lundberg

Widells Metallprodukter AB  
Växjö  
Jan Cedwall

Zäta Tryckerierna AB  
Åtvidaberg  
Roger Svensson

#### SWITZERLAND

Ericsson AG  
Dübendorf, Zürich  
Kurt Klöpfer

Ericsson Information Systems AG  
Zollikon Station, Zürich  
Thomas Avedik

Facit-Addo AG  
Zürich  
Hans G. Koch

Thorsmans AG  
Dübendorf, Zürich  
Kurt Klöpfer

#### SYRIA

Telefonaktiebolaget LM Ericsson  
Bureau Technique de Syrie  
Damascus  
Michel Farra

#### TAIWAN, CHINA

LM Ericsson International AB  
Technical Office Taiwan  
Taipei  
Christer Hohenthal

#### THAILAND

Ericsson Telephone Corporation  
Far East AB  
Bangkok  
Supridi Sribhadung

Regional Office South-East Asia  
Ericsson Telephone Corporation  
Far East AB  
Bangkok  
Allan Uvhagen

#### TUNISIA

Telefonaktiebolaget LM Ericsson  
Bureaux Techniques de Tunisie  
Tunis  
Olle L. Olsson

#### TURKEY

Ericsson Türk Ticaret Ltd, Sirketi  
Ankara  
Haldun Yasaroglu

#### UNITED ARAB EMIRATES

Telefonaktiebolaget LM Ericsson  
Technical Office UAE  
Abu Dhabi  
Alay Rizvi

#### UNITED KINGDOM

Ericsson Information Systems Ltd.  
Birmingham  
John Bunce

LDR Systems Ltd.  
London  
John Diver

Production Control (Ericsson) Ltd.  
Brighton  
Duncan MacDougall

Recordacall Ltd.  
Horsham  
Maurice Adams

Swedish Ericsson Company Ltd.  
Birmingham  
John Bunce

Thorn Ericsson Telecommunica-  
tions Ltd.  
Horsham  
Duncan MacDougall

Thorsman & Co (UK) Ltd.  
Chorley  
William F. Bewley

#### UNITED STATES

AutoTank, Inc.  
Eastlake, Ohio  
Frank Novak

Ericsson Inc.  
Greenwich, Connecticut  
Håkan Ledin

Ericsson Inc.  
Anaconda Wire and Cable  
Company  
Greenwich, Connecticut  
Walter J. Plate

Ericsson Inc.  
Ericsson Communications  
Garden Grove, California  
Gündor Rentsch

The Ericsson Corporation  
New York, N.Y.  
Carl O. Lennmalm

LM Ericsson International Inc.  
Miami, Florida  
Rodrigo Montealegre

Ericsson Programatic Inc.  
Richardson, Texas  
Tom Martinson

ESSVE of North America, Inc.  
Atlanta  
Robert Lilia

Facit, Inc.  
Nashua, New Hampshire  
Tom Jahm

RIFA Inc.  
Greenwich, Connecticut  
Gunnar Stenhjelm

#### URUGUAY

Compañía Ericsson S.A.  
Montevideo  
Augusto D. Bazzi

#### VENEZUELA

Compañía Anónima Ericsson  
Caracas  
Lars Berg

Sistemas Ericsson C.A.  
Caracas  
Alvaro Cifuentes

#### WEST GERMANY

David Computer  
Systeme GmbH  
Stuttgart  
Magnus Falk

Ericsson Information Systems  
GmbH  
Düsseldorf  
Magnus Falk

Nira Deutschland  
(Filial von NIRA International BV)  
Kaarst  
Frans Peeraer

RIFA GmbH  
Frankfurt am Main  
Hans Nitschke

RIFA-LEITGEB GmbH  
Engen  
Peter M. Specker

Thorsman & Co GmbH  
Lüdenscheid  
Gerd Simon

#### ZAMBIA

Ericsson (Zambia) Ltd.  
Lusaka  
Berth Thul









**ERICSSON** 

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