

ERICSSON LM TELEPHONE CO
Form 20-F/A
April 20, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F/A

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-12033

TELEFONAKTIEBOLAGET LM ERICSSON

(Exact Name of Registrant as Specified in its Charter)

LM ERICSSON TELEPHONE COMPANY

(Translation of Registrant's name into English)

Kingdom of Sweden

(Jurisdiction of incorporation or organization)

SE-164 83 Stockholm, Sweden

(Address of principal executive offices)

Jonas Stringberg, Vice President, Group Controller

Telephone: +46 10 716 53 20, jonas.stringberg@ericsson.com

SE-164 83 Stockholm, Sweden

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on which Registered |
|---|--|
| American Depositary Shares (each representing one B share) | The NASDAQ Stock Market LLC |
| B Shares * | The NASDAQ Stock Market LLC |

* Not for trading, but only in connection with the registration of the American Depositary Shares representing such B Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

| | |
|-----------------------------------|---------------|
| B shares (SEK 5.00 nominal value) | 3,072,395,752 |
| A shares (SEK 5.00 nominal value) | 261,755,983 |
| C shares (SEK 5.00 nominal value) | 0 |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 20-F/A

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company . See the definitions of large accelerated filer and accelerated filer and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the
International Accounting Standards Board

Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Explanatory Note

LM ERICSSON TELEPHONE COMPANY is filing this Amendment No. 1 (the Form 20-F/A) to its annual report on Form 20-F (the Form 20-F) for the fiscal year ended December 31, 2017, to:

Submit the Interactive Data File (as defined in Rule 11 of Regulation S-T) with respect to the audited consolidated financial statements of LM ERICSSON TELEPHONE COMPANY (as defined in the Form 20-F) for that fiscal year as an exhibit to the Form 20-F pursuant to paragraph 101 under Instructions as to Exhibits of Form 20-F in accordance with Rule 405 of Regulation S-T.

Correct typographical errors in Item 3.A Key Information Selected Financial Data.

Other than as expressly set forth above, this Form 20-F/A does not, and does not purport to, amend, update or restate the information in any Item of the Form 20-F or reflect any events that have occurred after the Form 20-F was originally filed. The Form 20-F, as amended by this Form 20-F/A, continues to speak as of the initial filing date of the Form 20-F.

ITEM 3. KEY INFORMATION**A. Selected Financial Data**

We present below certain selected financial data derived from our consolidated financial statements as of and for the years ended December 31, 2017, 2016, 2015, 2014, and 2013, included herein, prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). IFRS differs in certain significant respects from the accounting principles generally accepted in the United States, or U.S. GAAP.

The summary financial data should be read in conjunction with our consolidated financial statements and the notes thereto contained in this 2017 Form 20-F, as well as the information set forth under the heading Item 5. Operating and Financial Review and Prospects and the information set forth under the following headings of the 2017 Swedish Annual Report, which are incorporated herein by reference:

Other Information

Alternative Performance Measures

Financial Terminology and Exchange rates

| | 2017 | Change | 2016 | 2015 | 2014 | 2013 |
|--|--------------------|--------|---------|---------|---------|---------|
| Net sales | 201,303 | 10% | 222,608 | 246,920 | 227,983 | 227,376 |
| Operating expenses | 70,563 | 17% | 60,501 | 64,129 | 63,408 | 58,509 |
| Operating income (loss) | 38,126 | | 6,299 | 21,805 | 16,807 | 17,845 |
| Net income (loss) | 35,063 | | 1,895 | 13,673 | 11,143 | 12,174 |
| Restructuring charges | 8,501 | 12% | 7,567 | 5,040 | 1,456 | 4,453 |
| Cash flow from operating activities | 9,601 | 31% | 14,010 | 20,597 | 18,702 | 17,389 |
| Year-end position, SEK million | | | | | | |
| Total assets | 260,544 | 8% | 283,347 | 284,363 | 293,558 | 269,190 |
| Property, plant and equipment | 12,857 | 23% | 16,734 | 15,901 | 13,341 | 11,433 |
| Stockholders equity | 99,540 | 29% | 139,817 | 146,525 | 144,306 | 140,204 |
| Non-controlling interest | 636 | 6% | 675 | 841 | 1,003 | 1,419 |
| Per share indicators | 636 | | | | | |
| Earnings (loss) per share, basic, SEK | 10.74 | | 0.53 | 4.17 | 3.57 | 3.72 |
| Earnings (loss) per share, diluted, SEK | 10.74 | | 0.52 | 4.13 | 3.54 | 3.69 |
| Dividends per share, SEK | 1.00 ¹⁾ | 0% | 1.00 | 3.70 | 3.40 | 3.00 |
| Dividends per share, USD | 0.13 ²⁾ | 13% | 0.11 | 0.39 | 0.41 | 0.46 |
| Number of shares outstanding (in millions) end of period, basic | | | | | | |
| average, basic | 3,284 | 0% | 3,269 | 3,256 | 3,242 | 3,231 |
| average, diluted | 3,277 | 0% | 3,263 | 3,249 | 3,237 | 3,226 |
| average, diluted | 3,317 | 0% | 3,303 | 3,282 | 3,270 | 3,257 |

Other information, SEK million

| | | | | | | |
|--|--------|-----|--------|--------|--------|--------|
| Additions to property, plant and equipment | 3,877 | 37% | 6,129 | 8,338 | 5,322 | 4,503 |
| Depreciations and writedowns/impairments of property, plant and equipment | 6,314 | 38% | 4,569 | 4,689 | 4,316 | 4,209 |
| Acquisitions/capitalization of intangible assets | 1,759 | | 5,260 | 5,228 | 6,184 | 4,759 |
| Amortization and write-downs/impairments of intangible assets | 21,578 | | 4,550 | 5,538 | 5,629 | 5,928 |
| Research and development expenses | 37,887 | 20% | 31,635 | 34,844 | 36,308 | 32,236 |
| as percentage of net sales | 18.8% | | 14.2% | 14.1% | 15.9% | 14.2% |
| Inventory turnover days | 64 | 7% | 69 | 64 | 64 | 62 |

**Alternative Performance Measures
(APMs)**

| | | | | | | |
|--------------------------------------|---------|-----|---------|---------|---------|---------|
| Gross margin | 22.1% | | 29.8% | 34.8% | 36.2% | 33.6% |
| Operating margin | 18.9% | | 2.8% | 8.8% | 7.4% | 7.8% |
| EBITA margin | 10.7% | | 4.0% | 10.5% | 9.3% | 9.8% |
| Cash conversion | 58% | | 175% | 85% | 84% | 79% |
| Free cash flow | 5,109 | | 254 | 7,515 | 4,593 | 8,337 |
| Capital employed, SEK million | 158,230 | 17% | 190,901 | 195,150 | 189,839 | 180,903 |
| Return on equity | 29.4% | | 1.2% | 9.3% | 8.1% | 8.7% |
| Return on capital employed | 22.0% | | 3.2% | 11.6% | 9.8% | 10.7% |
| Equity ratio | 38.4% | | 49.6% | 51.8% | 49.5% | 52.6% |
| Capital turnover | 1.2 | 0% | 1.2 | 1.3 | 1.2 | 1.3 |
| Working capital, SEK million | 59,779 | 33% | 89,039 | 104,811 | 103,246 | 106,940 |
| Gross cash, SEK million | 67,702 | 17% | 57,877 | 66,270 | 72,159 | 77,089 |
| Net cash, SEK million | 34,657 | 11% | 31,191 | 41,150 | 48,014 | 47,634 |

Statistical data, year-end

| | | | | | | |
|--|---------|-----|---------|---------|---------|---------|
| Number of employees | 100,735 | 10% | 111,464 | 116,281 | 118,055 | 114,340 |
| of which in Sweden | 13,864 | 9% | 15,303 | 17,041 | 17,580 | 17,858 |
| Export sales from Sweden, SEK million | 86,812 | 19% | 107,036 | 117,486 | 113,734 | 108,944 |

1) For 2017, as proposed by the Board of Directors.

2) For 2017, as proposed by the Board of Directors. Approximate USD Dividend Rate.

Exchange Rates

The following tables provide information with respect to the exchange rate for SEK per USD 1.00 based on the noon buying rate for cable transfers in SEK as certified for customs purposes by the Federal Reserve Bank of New York. The noon buying rate of 16 March 2018 was SEK 8.1960 per USD 1.00. The average exchange rate is computed using the noon buying rate on the last business day of each month during the period indicated.

| Year ended December 31, | Average |
|--------------------------------|----------------|
| 2013 | 6.5152 |
| 2014 | 6.9222 |
| 2015 | 8.4643 |
| 2016 | 8.5959 |
| 2017 | 8.4798 |

| Month | High | Low |
|---------------|-------------|------------|
| October 2017 | 8.3803 | 8.0534 |
| November 2017 | 8.4803 | 8.2769 |
| December 2017 | 8.5053 | 8.1732 |
| January 2018 | 8.2413 | 7.8549 |
| February 2018 | 8.2694 | 7.8588 |

Effects of exchange rate fluctuations on our business is described in the Notes to the Consolidated Financial Statements Note C20, Financial Risk Management and Financial Instruments.

Noon buying rates are not used in the preparation of our financial statements. The exchange rates used in the preparation of our consolidated financial statements are presented below:

| | 2017 | 2016 |
|----------------------------|-------------|-------------|
| SEK/EUR | | |
| Average rate ¹⁾ | 9.64 | 9.44 |
| Closing rate | 9.83 | 9.56 |
| SEK/USD | | |
| Average rate | 8.53 | 8.56 |
| Closing rate | 8.20 | 9.06 |

- 1) Average rate is included for disclosure purposes only. Period income and expenses for each income statement are translated at period average exchange rates.

PART III

ITEM 19 EXHIBITS

Exhibit

| Number | Description |
|---------------|---|
| 101.INS* | XBRL Instance Document. |
| 101.SCH* | XBRL Taxonomy Extension Schema Document. |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF* | XBRL Taxonomy Definition Linkbase Document. |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document. |

* In accordance with Rule 406T(b)(2) of Regulation S-T, such XBRL information will be furnished and not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, will be deemed not filed for purposes of Section 18 of the Exchange Act of 1934, as amended, and otherwise will not be subject to liability under those sections.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Amendment No. 1 to its Annual Report on Form 20-F on its behalf.

TELEFONAKTIEBOLAGET LM ERICSSON

By: /s/ JONAS STRINGBERG
Name: Jonas Stringberg
Title: Vice President, Group Controller

By: /s/ XAVIER DEDULLEN
Name: Xavier Dedullen
Title: Senior Vice President, Chief Legal Officer

Date: April 20, 2018