

Financial Terminology

Capital employed

Total assets less non-interest-bearing provisions and liabilities.

Capital turnover

Net sales divided by average Capital employed.

Cash conversion

Measures the proportion of profits that are converted to cash flow. Total cash flow from operating activities is divided by the sum of net income and adjustments to reconcile net income to cash – expressed in percent.

Cash dividends per share

Dividends paid divided by average number of shares, basic.

Compound annual growth rate (CAGR)

The year-over-year growth rate over a specified period of time.

Days sales outstanding (DSO)

Trade receivables balance at quarter end divided by Net Sales in the quarter and multiplied by 90 days. If the amount of trade receivables is larger than last quarter's sales, the excess amount is divided by Net Sales in the previous quarter and multiplied by 90 days, and total days outstanding (DSO) are the 90 days of the most current quarter plus the additional days from the previous quarter.

Earnings per share

Basic earnings per share; profit or loss attributable to stockholders of the Parent Company divided by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share; the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

EBITDA margin

Earnings Before Interest, Taxes, Depreciation and Amortization, divided by Net sales.

Equity ratio

Equity, expressed as a percentage of total assets.

Inventory turnover

Cost of Sales divided by average Inventory.

Net cash

Cash and cash equivalents plus short-term cash investments less interest-bearing liabilities and post-employment benefits.

Payable days

The average balance of Trade payables at the beginning and at the end of the year divided by Cost of sales for the year, and multiplied by 360 days.

Payment readiness

Cash and cash equivalents and short-term investments less short-term borrowings plus long-term unused credit commitments. Payment readiness is also shown as a percentage of Net Sales.

Return on capital employed

The total of Operating income plus Financial income as a percentage of average capital employed (based on the amounts at January 1 and December 31).

Return on equity

Net income attributable to stockholders of the Parent Company as a percentage of average Stockholders' equity (based on the amounts at January 1 and December 31).

Stockholders' equity per share

Stockholders' equity divided by the Number of shares outstanding, basic, at the end of the period.

Trade receivables turnover

Net sales divided by average Trade receivables.

Value at Risk (VaR)

A statistical method that expresses the maximum potential loss that can arise with a certain degree of probability during a certain period of time.

Working capital

Current assets less current non-interest-bearing provisions and liabilities.

Glossary

2G

First digital generation of mobile systems, includes GSM, TDMA, PDC and cdmaOne.

3G

3rd generation mobile system, includes WCDMA/HSPA, EDGE, CDMA2000 and TD-SCDMA.

All-IP

A single, common IP infrastructure that can handle all network services, including fixed and mobile communications, for voice and data services and also video services such as TV.

ARPU

Average Revenue Per User.

Broadband

Data speeds that are high enough to allow transmission of multimedia services with good quality.

Centrex solutions

Centrex is a telephony service for enterprises, delivered by a service provider.

Downlink

= to your device.

DSL access

Digital Subscriber Line technologies for broadband multimedia communications in fixed line telephone networks. Examples: IP-DSL, ADSL and VDSL.

EDGE

Third generation mobile standard, developed as an enhancement of GSM. Enables the transmission of data at speeds up to 250 kbps.

Emerging market

Defined as a country that has a GNP per capita index below the World Bank average and a mobile subscription penetration below 60 percent.

GPON

(Gigabit Passive Optical Network) Used for fiber-optic communication to the home (FTTH).

GPRS

(General Packet Radio Service) A packet-switched technology that enables GSM networks to handle mobile data communications at rates up to 115 kbps, for instance Internet connections. Generally referred to as 2.5G.

HSPA

(High Speed Packet Access) Enhancement of 3G/WCDMA that enables mobile broadband. A subscriber can download files to a 3G mobile device at speeds of several Mbps.

IMS

(IP Multimedia Subsystem) A standard for offering voice and multimedia services over mobile and fixed networks using Internet technology (IP).

IP

(Internet Protocol) Defines how information travels between network elements across the Internet.

IPTV

(IP Television) A technology that delivers digital television via fixed broadband access.

IPX

(Internet Payment eXchange) The global payment and messaging delivery solution for SMS, MMS, Web and WAP.

LTE

(Long-Term Evolution) The term for the next evolutionary step of mobile technology beyond today's HSPA networks.

Main-remote concept

A split radio base station, with radio units at the top of the mast, near antennas.

Managed services

Outsourcing of the management of operator networks and/or hosting of their services.

Packet switching

A method of switching data in a network where individual packets are accepted by the network and delivered to their destinations. The method is used by the Internet and will replace traditional circuit switching.

Penetration

The number of subscriptions divided by the population in a geographical area.

Softswitch

A software-based system for handling call management functionality. Integrates IP-telephony and the legacy circuit-switched part of the network.

Uplink

= from your device, e.g. to the Internet.

WCDMA

(Wideband Code Division Multiple Access) A 3G mobile communication system that uses code division multiple access technology over a wide frequency band. WCDMA builds on the same core network infrastructure as GSM.

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