

# Second Quarter Report

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KARL-HENRIK SUNDSTRÖM

CFO

# Group Sales by region

(SEK b.)

Region	Q204	Q105	Q205	YoY %	Seq. %
Western Europe	9.3	10.0	9.9	7%	-1%
CEMA	7.8	8.5	9.9	27%	17%
North America	4.9	3.3	6.5	31%	93%
Latin America	3.5	3.6	4.4	28%	25%
Asia Pacific	7.1	6.1	7.7	8%	26%
<b>Total</b>	<b>32.6</b>	<b>31.5</b>	<b>38.4</b>	<b>18%</b>	<b>22%</b>

**>50% of sales in emerging markets – CEMA largest region**

# Group sales by segment

(SEK b.)

	Q204	Q105	Q205	YoY %	Seq %
<b>Systems</b>	30.4	29.0	36.1	19%	25%
- Mobile Networks	24.3	23.5	28.8	19%	23%
- Fixed Networks	1.1	1.0	1.1	0%	8%
Total Network Equipment	25.4	24.5	29.9	18%	22%
- of which Network Rollout	2.5	2.7	3.6	44%	31%
Professional Services	5.0	4.5	6.2	25%	38%
<b>Other Operations</b>	2.8	2.7	2.7	-5%	-2%
Less: Intersegment Sales	-0.6	-0.2	-0.4		
<b>Total</b>	<b>32.6</b>	<b>31.5</b>	<b>38.4</b>	<b>18%</b>	<b>22%</b>

**25% growth in Professional Services**

# Financial summary

(SEK b.)

	Q204*	Q105	Q205	YoY %	Seq %
Sales	32.6	31.5	38.4	18%	22%
Gross margin	47.8%	48.5%	45.9%		
Operating margin	22.2%	21.0%	21.6%		
Income after financial items	7.3	6.7	8.5	16%	26%
EBITDA	27.3%	25.7%	25.3%		

**Continued good development**

\* Year 2004 has been restated according to IFRS rules

# Strong financial performance

(SEK b.)

	Q204*	Q105	Q205	Seq %
Net income	5.0	4.6	5.8	16%
Adj. income to cash	2.0	2.2	2.2	55%
Income to cash	7.0	6.8	8.1	29%
Working capital	-0.5	-12.6	-1.0	-87%
Cash flow from operating activities	6.5	-5.8	7.1	-
Investing activities	-2.2	-0.7	-1.7	145%
Cash flow bef. financial investing activities	4.3	-6.5	5.4	-
Net cash	31.7	43.1	42.4	-1%
Equity ratio (%)	38.8%	46.5%	46.5%	

**Slight increase in working capital despite 22% sequential sales growth**

\* Year 2004 has been restated according to IFRS rules

# Operating efficiency trends

	Q204	Q105	Q205	Targets
Accounts receivable (SEK b.)	31.8	34.5	38.4	
DSO	88	97	90	<90
Inventories, incl. WiP (SEK b.)	14.8	18.0	19.3	
Inventory turnover	5.1	4.0	4.4	>5.5
Accounts payable (SEK b.)	9.7	10.8	11.8	
Payable days	52	61	56	>45

**Operational excellence in focus**

# Sony Ericsson



	Q204	Q105	Q205	Seq %
No of units shipped (million)	10.3	9.4	11.8	26%
Sales (EUR m.)	1,504	1,289	1,614	25%
IBT	113	70	87	24%
Net income	89	32	75	134%
Ericsson share in earnings (SEK b.)	0.5	0.3	0.4	40%

## Investment in an exciting product portfolio

\* Q4 2004 Net income includes a negative effect of a valuation allowance on deferred tax assets of EUR 45 m.



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**ERICSSON** 

**TAKING YOU FORWARD**