

F irst Q uarter

FIRST QUARTER REPORT 2004

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CARL-HENRIC SVANBERG
President and CEO

Benefits from successful turnaround

- Orders booked up 22% year-over-year
- Sales up 9% year-over-year
- Income after financial items SEK 4.3 b.
- Sony Ericsson's strongest quarter so far

Prerequisites for true leadership established

Strengthened market position

- Strengthened position in mobile systems
 - GSM/EDGE/WCDMA/CDMA2000
- Prime driver in professional services
 - Operators increase consumer and market focus
- Leader in softswitch
 - Opportunities from IP convergence



Innovation, responsiveness and reliability in focus

Expanding vendor role

- Multifaceted operator environment
 - Advanced technology with ease-of-use
- Vendor solutions in focus
 - End-to-end and seamless services
- Vendors becoming strategic partners
 - Long-term relationships – R&D roadmap focus

Leveraging technology and customer relationships

Business highlights

- **Four 3G contracts**
 - 1 WCDMA, 3 EDGE
- **Seven services contracts announced**
 - Managed services and hosting
- **Continued good demand for GSM**
 - Ericsson Expander well received



Further strengthened competitive advantages

3G status

- **24 commercial WCDMA networks**
 - Ericsson in 15 networks
- **Strong global 3G subscription growth**
 - ~4.4 million, up 57% sequentially in WCDMA
 - ~95 million, up 35% sequentially in CDMA2000 1X
- **Quickly growing focus on new applications**
 - Mobile office, news broadcasting, video telephony

Momentum in 3G development

Q1 financial highlights

- **Orders booked SEK 33.0 (27.1) b.**
 - Up 22% year-over-year
- **Sales SEK 28.1 (25.9) b.**
 - Up 9% year-over-year
- **Gross margin 44.7% (34.1%)**
 - Up 3.1 percentage points sequentially

Operational excellence as a competitive tool

Q1 financial highlights (cont.)

- Income after financials SEK 4.3 (-2.8) b.
 - Operating margin of 16%
- Cash flow bef. financing SEK 2.9 (0.7) b.
- Net cash of SEK 26.8 b.
 - Strong financial position

Prepared for a competitive market

Sony Ericsson Q1 highlights

- **Strong growth**
 - Units shipped up 63% year-on-year
 - Sales up 66% year-on-year
- **Income before tax EUR 97 m.**
 - Contributions from focus on operational excellence
- **Well received product offering**
 - T 610 selected "the phone of the year" world wide



Strongest quarter so far

Market outlook 2004

- Mobile systems market now estimated to show slight to moderate growth
- Good growth in professional services markets
- Well positioned to benefit from the market opportunities

Still elements of catch-up

This slide contains forward looking statements

Summary

- **Benefits from completed turnaround**
 - Focus on operational excellence is here to stay
- **Strengthened market position**
 - Innovation, responsiveness and reliability in focus
- **Vendor role develops to strategic partner**
 - Leverage technology and customer relationships

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QUESTIONS & ANSWERS