

First **Q**uarter

FIRST QUARTER REPORT
2004

F^{irst} Q^{uarter}

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Safe Harbor Statement

This presentation contains forward looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our earnings reports for a better understanding of these risks and uncertainties.

Financial summary

(SEK b.)

	Q103	Q403	Q104	YoY % change
Orders, net	27.1	29.5	33.0	22%
Sales	25.9	36.2	28.1	9%
Gross margin (%)	34.1	41.6	44.7	
Operating margin (%)	-10.8	17.5	16.1	
Income after financial items	-2.8	5.9	4.3	
EBITDA (%)	-4.6	21.2	20.0	

2003 periods adjusted for restructuring costs

Fourth consecutive profitable quarter

Book-to-bill Q1 2004

(SEK b.)

Region	Orders	Sales	YoY % change	% of Sales	Book-to-bill
Western Europe	10.2	7.9	-3%	28%	1.29
CEMA	7.6	7.0	22%	25%	1.08
North America	4.7	4.4	12%	16%	1.06
Latin America	3.7	2.9	63%	10%	1.29
Asia Pacific	6.8	5.9	-5%	21%	1.16
Total	33.0	28.1	9%	100%	1.17

Positive Book-to-bill in all regions

Systems

(SEK b.)

	Q103	Q403	Q104	YoY % change
Orders	25.0	27.6	31.1	24%
Sales	24.0	33.6	26.1	9%
Operating income	-1.5	5.8	4.2	
Operating margin (%)	-6.2%	17.2%	16.1%	

2003 periods adjusted for restructuring costs

Strongest Orders Booked since Q202

Effects of FX and hedging on operating income

	2003				2004
	3 months	6 months	9 months	12 months	3 months
Gross (SEK b.)	-0.4	-1.2	-2.2	-4.0	-1.0
Hedging (SEK b.)	0.3	0.6	0.7	0.9	0.2
Net (SEK b.)	-0.1	-0.6	-1.5	-3.1	-0.8
Avg USD 2002/2003	10.53	10.18	9.93	9.72	8.59
Avg USD 2003/2004	8.59	8.33	8.25	8.08	7.41
Change YoY (%)	-18%	-18%	-17%	-17%	-14%

Effects compared to currency rates 1 year prior

Cash flow

(SEK b.)

	Q103	Q403	Q104
Net income	-4.3	0.1	3.0
Adj. income to cash	0.6	4.2	1.9
Income to cash	-3.7	4.3	4.9
Inventory	-0.4	0.2	-3.0
Receivables	4.7	-3.5	-0.5
Payables, provisions and other working cap	1.9	3.9	1.4
Customer financing	0.0	-0.2	0.4
Working capital	6.2	0.4	-1.7
Capitalized development expenses	-0.6	-0.6	-0.2
Capex, net	-1.2	0.5	-0.1
Investing activities	-1.8	-0.1	-0.3
Cash flow before financing	0.7	4.6	2.9

Operating efficiency trends

	Q103	Q403	Q104
Accounts receivable (SEK b.)	33.5	31.9	32.8
DSO	109	79	102
Inventories (SEK b.)	14.5	11.0	14.4
Inventory turnover	4.9	6.1	4.9
Inventory days	76	46	84
Accounts payable (SEK b.)	10.1	9.0	9.3
Payable days	53	37	54

Key metrics affected by seasonality

Strong financial position

(SEK b.)

	Q103	Q403	Q104
Cash	67.2	73.2	74.4
Short-term loans	-14.4	-9.5	-8.1
Back-up facilities (remains at USD 1.6 b.)	13.6	11.6	12.1
Payment readiness	66.5	75.3	78.4
Payment readiness (%)	64%	64%	70%
Interest-bearing liabilities and provisions*	61.4	46.2	47.6
Net Cash	5.8	27.0	26.8
Equity ratio (%)	34.9%	34.4%	35.0%

Excluding changed accounting principles equity ratio was 35.7%

*SEK 1.9 b. attributable to changed accounting principles

Sony Ericsson

	Q103	Q403	Q104	YoY % change
Number of units shipped (million)	5.4	8.0	8.8	63.0%
Sales (EUR m.)	806	1,437	1,338	66.0%
IBT	-113	46	97	
Net income	-104	43	82	
Ericsson share in earnings (SEK b.)	-0.5	0.3*	0.5	

* Adjusted for restructuring

Taking market share with attractive product offerings

Outlook and restructuring progress

- Mobile systems market now expected to show slight to moderate growth compared to 2003 (USD)
 - Ericsson well positioned to benefit from the market opportunities
- Good growth in professional services market
- OPEX run-rate target of SEK 33 b. remains
- SEK 5 b. of the remaining SEK 9.1 b. in restructuring cash outlays will be consumed in 2004
(SEK 2.1 b. consumed in Q1)

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QUESTIONS & ANSWERS