

# Third 2005 Quarter Report

# 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 and our most recent annual report for a better understanding of these risks and uncertainties.

# Third Quarter Report 2005

CARL-HENRIC SVANBERG  
President and CEO

# Solid industry momentum

- 2 billion mobile subscribers – 3 billion within 5 years
  - Communication a basic human need
  - Mobile best technology to serve this need
- Mobile voice and data, broadband – key drivers
  - New services and increased minutes of use
  - Strong momentum in emerging markets
- Convergence on everyone's agenda
  - Mobile and fixed broadband, triple play



2 billion mobile subscribers – industry milestone

# Mobile broadband

- HSDPA offers a new level of services
  - Music and video download, TV, enterprise services
  - All WCDMA networks expected to be upgraded
- 34 million WCDMA subscribers
  - 2 million new per month
- Ericsson 3G platform in 10 million handsets
  - Majority of handsets outside Japan



Cingular/Ericsson first to commercially launch HSDPA

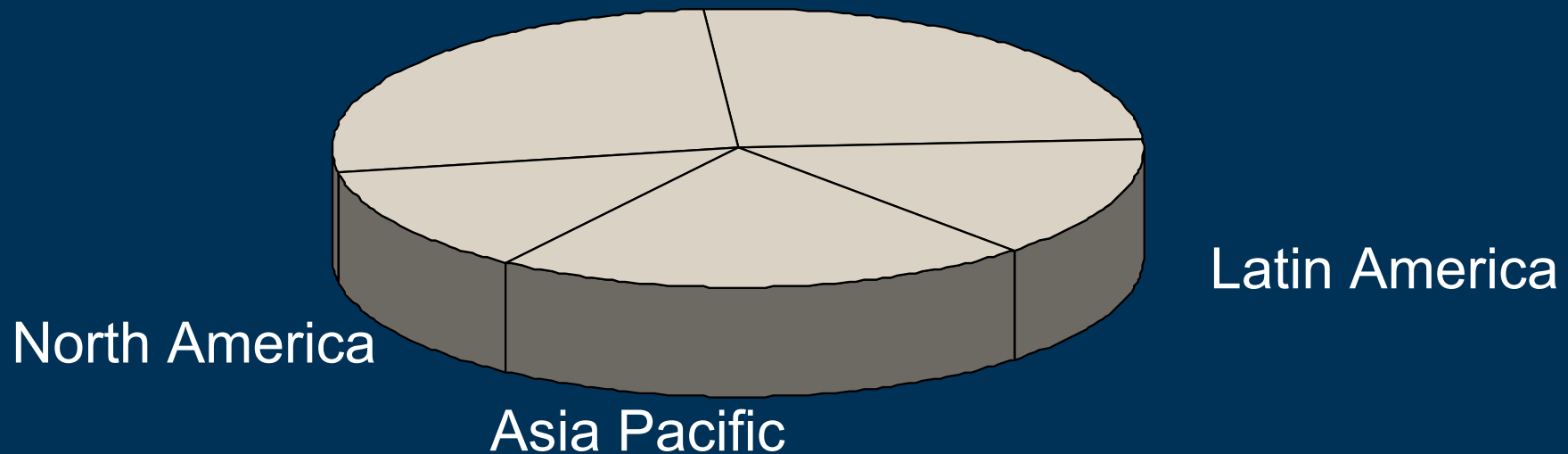
# Accelerating demand for services

- Strong growth in Ericsson services
  - Up 30% year-over-year
- Growing interest across all markets
  - Support, hosting, system integration
- Managed services quickly expanding
  - Competition and complexity drive focus on total cost

47 m. subscribers under Ericsson management

# Regional Ericsson update, Q3 2005

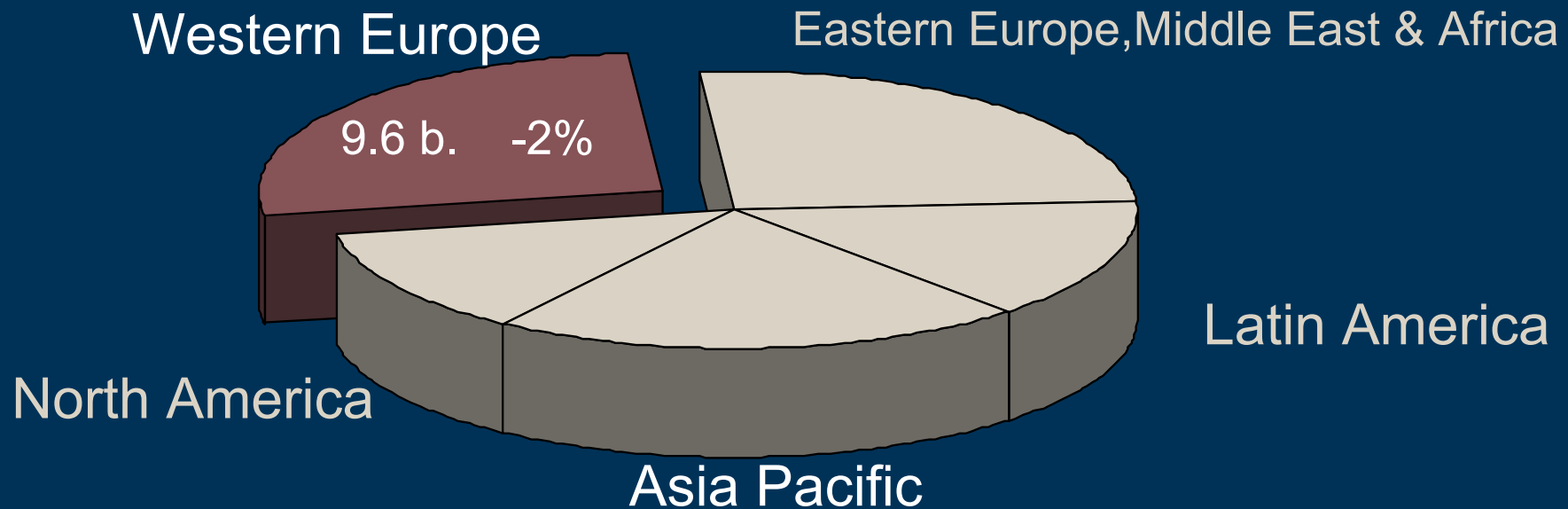
A true global leader



# Regional Ericsson update, Q3 2005

- sales (BSEK) and growth (%) year-over-year

- Rapid increase in data traffic
- Increasing interest in managed services
- Convergence and next generation networks in focus

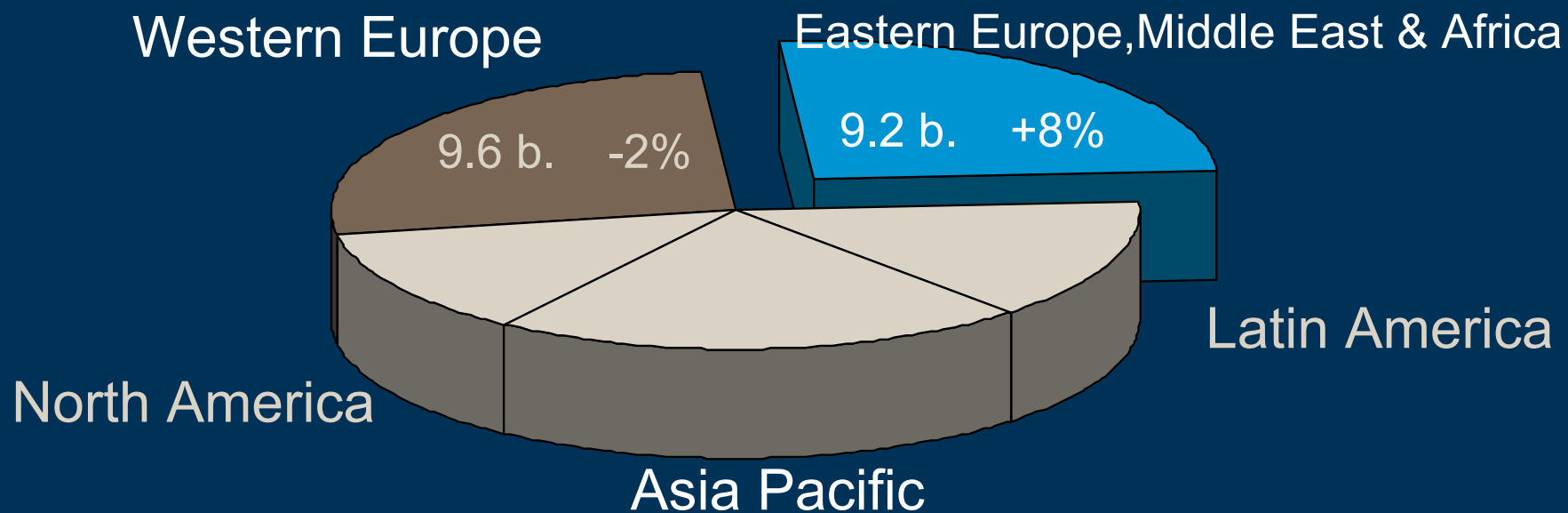




# Regional Ericsson update, Q3 2005

- sales (BSEK) and growth (%) year-over-year

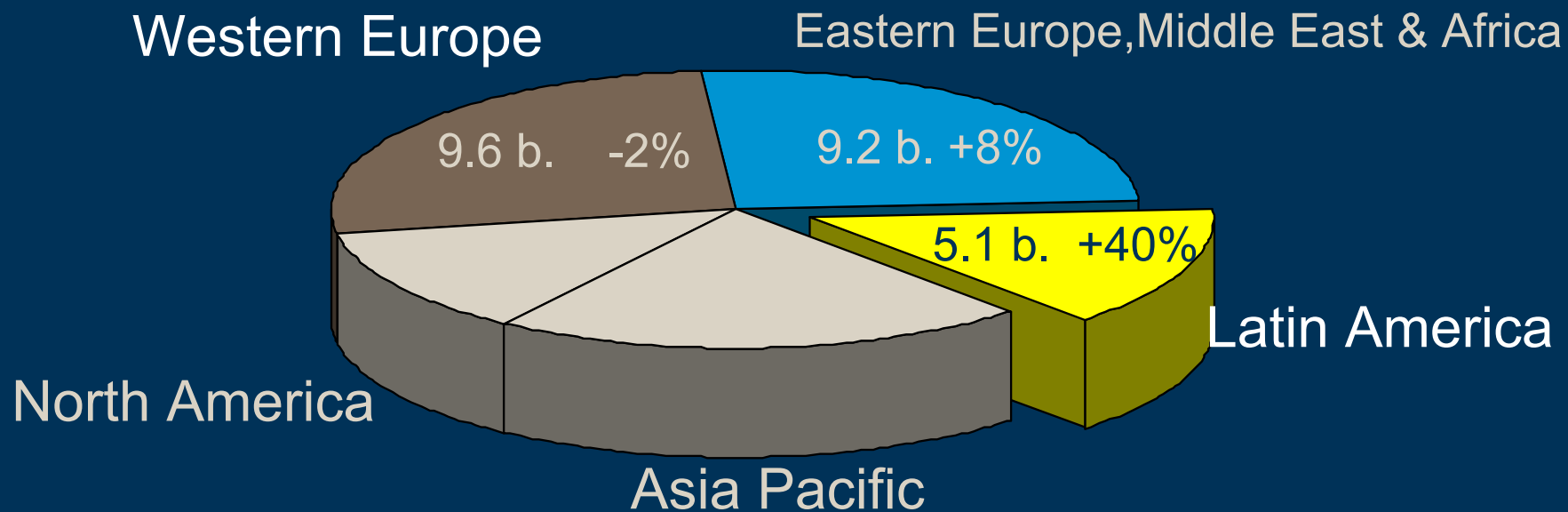
- Strong subscriber growth and network expansions
- 100 million GSM subscribers in Africa
- 3G/HSDPA deployment started



# Regional Ericsson update, Q3 2005

- sales (BSEK) and growth (%) year-over-year

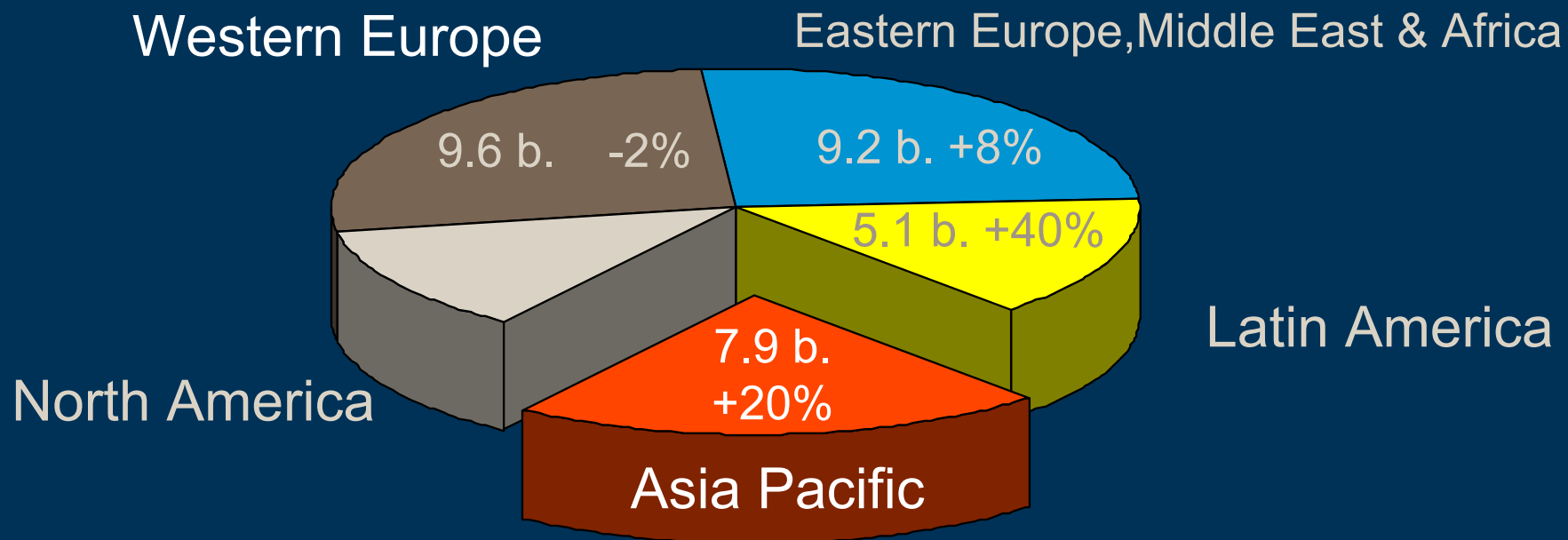
- Strongest growth region
- GSM the winning standard
- Brazil and Mexico show strongest growth



# Regional Ericsson update, Q3 2005

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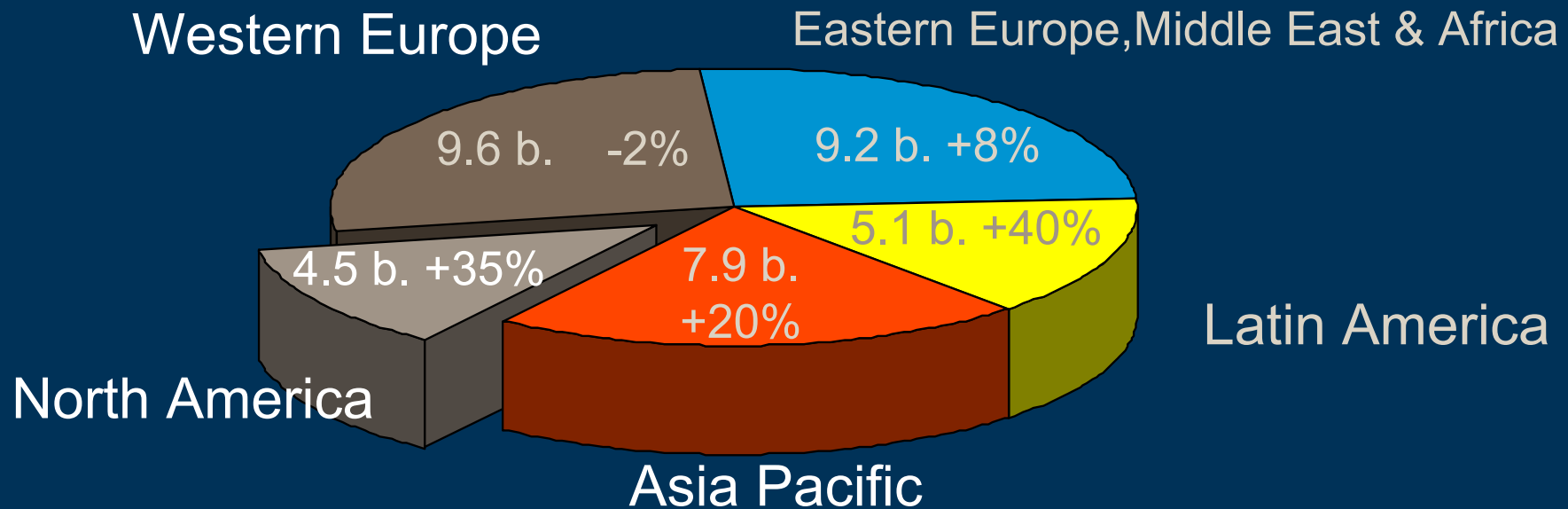
- Growth region with high variation
- High activity level in Australia, India, Indonesia and Japan
- China prepares for 3G – steady subscriber growth



# Regional Ericsson update, Q3 2005

- sales (BSEK) and growth (%) year-over-year

- Strong rebound in sales continues
- Intense competition on service quality and service offering
- Cingular's 3G/HSDPA deployment drives the industry



# Q3 financial highlights

- **Sales SEK 36.2 (31.8) b.**
  - Up 14% year-over-year – up 17% year-to-date in constant currencies
- **Gross margin 45.2% (47.1%)**
  - Impacted by quickly growing services business
- **Operating expenses up 3% year-to-date**
  - Increased R&D investments - continued efficiency gains



Operational excellence remains in focus

# Q3 financial highlights (cont.)

- **Income after financial items SEK 8.0 (6.4) b.**
  - Operating margin stable at 21.6%
- **Cash flow from operations SEK -1.1 (5.2) b.**
  - SEK 2 b. negative impact from currency exchange effects
  - Increased proportion of large projects
  - Working capital build-up for Q4
- **Debt free with net cash of SEK 41.3 b.**
  - Strong financial position, equity ratio of 49.2%



Operational excellence remains in focus

# Sony Ericsson Q3 highlights

- Sales increased by 22% year-over-year
  - Units shipped up 29% year-over-year
- Income before tax EUR 151 (136) million
- W800 an exceptional success – more to come
  - W550, W600, W900 shipping in Q4



Positive accumulated earnings a milestone for the joint venture

# Market outlook

- Global mobile systems market in USD expected to show moderate growth in 2006\*
- Addressable market for professional services expected to show good growth in 2006\*
- Outlook for 2005 unchanged\*



Well positioned to capture market opportunities

\*All estimates refer to market growth compared to previous year. This slide contains forward looking statements.



# Third 2005 Quarter Report

CARL-HENRIC SVANBERG

President and CEO

KARL-HENRIK SUNDSTRÖM  
CFO

## QUESTIONS & ANSWERS

# Third 2005 Quarter Report

**ERICSSON** 

**TAKING YOU FORWARD**