

Fourth **Q**uarter **R**eport
2004

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Vice President, Market and External Relations,
Ericsson Communications

2004

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.

Fourth **Q**uarter **R**eport

CARL-HENRIC SVANBERG

President and CEO

2004

Mobile communications - a growth industry

- Largest subscriber growth ever
 - 300 million net subscriber additions
 - 27% world penetration
- 3G breakthrough
 - More than 16 million WCDMA subscribers
 - HSDPA accelerates opportunities for new services
- GSM growth continues
 - 16 new GSM countries
 - Paving way for EDGE and WCDMA

Ericsson key achievements 2004

Financials

- Strengthened market position
 - Mobile Network sales up 20% 2004
 - 26% in constant currencies
 - Professional services up 8% 2004
 - 14% in constant currencies
- Income after financials of SEK 28.4 b. for full year
 - Operating margin 22% full year
- Solid financial position
 - Net cash of SEK 42.9 b.
- Book-to-bill above one for full year (1.01)

2G/2.5G 3G HSDPA Services Next generation

Ericsson key achievements 2004 - strengthened position for growth

Ericsson key achievements 2004

Strategic wins

2G/2.5G 3G HSDPA Services Next generation

- Increased market share across all regions
- A strong year in emerging markets
- Largest GSM contract to date with Guangdong Mobile

Communication for all - underestimated potential

Ericsson key achievements 2004

Strategic wins

2G/2.5G **3G** HSDPA Services Next generation

- WCDMA footprint expands - US, Central Europe, Africa
- Strategic role in Cingular's launch plan
- Supplier in 35 of 56 launched WCDMA networks to date
- Ericsson Mobile Platforms - 30% market share in WCDMA

Expanded footprint for growth

Ericsson key achievements 2004

Strategic wins

2G/2.5G 3G **HSDPA** Services Next generation

- Leader in HSDPA development - ongoing customer trials
- First to demonstrate live HSDPA over commercial system
- Breakthrough contracts with Cingular and Telstra*

*Announced in January 2005

Technology leadership

Ericsson key achievements 2004

Strategic wins

2G/2.5G 3G HSDPA **Services** Next generation

- More than 400 networks built, expanded or migrated
- 550 million subscribers supported worldwide daily
- A total of 35 million subscribers in managed networks
- Largest managed services contract to date with H3G Italy*

*Announced in January 2005

Well positioned in expanding market

Ericsson key achievements 2004

Strategic wins

2G/2.5G 3G HSDPA Services **Next generation**

- 25 IMS contracts for launch or trial, of which 21 in 2004
 - Supporting all standards
- Ericsson softswitch in 18 mobile networks, 9 in 2004
 - Sole provider for WCDMA
- 2 million next generation IP broadband access lines
 - Supporting TeliaSonera to implement triple play

New opportunities with all-IP

Regional Ericsson update, 2004

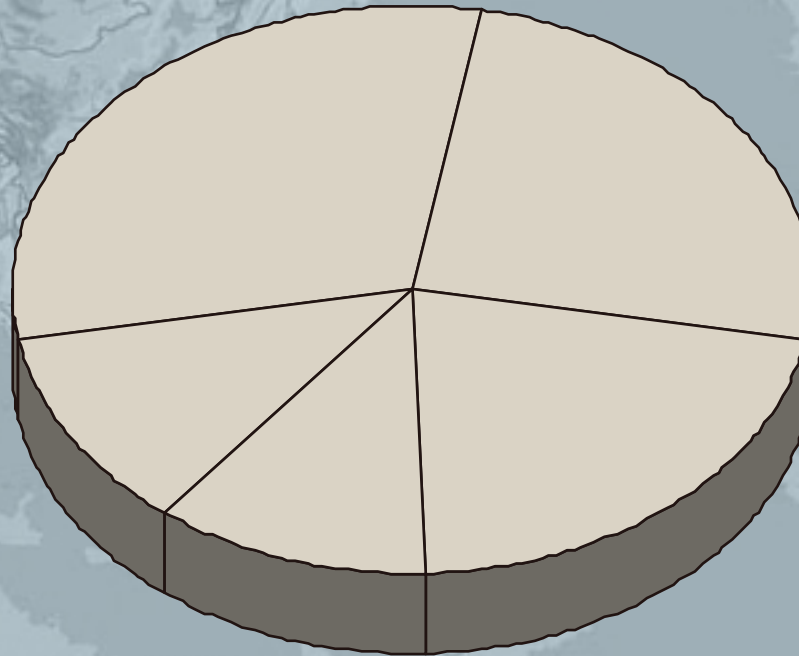
Western
Europe

Central Europe,
Middle East &
Africa

Asia
Pacific

North
America

Latin
America



Regional Ericsson update, 2004

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

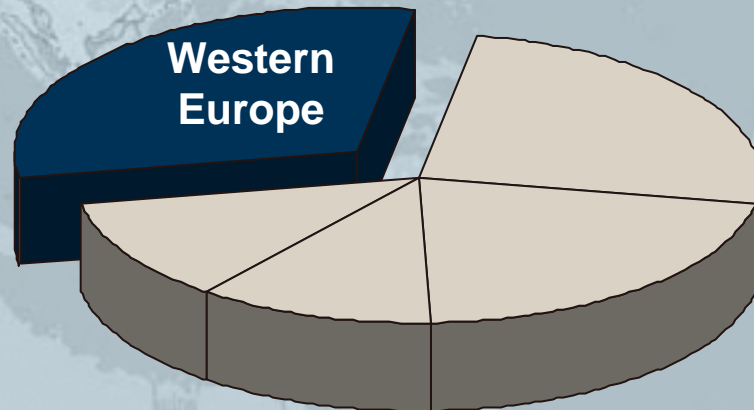
**Western
Europe**
40.5 b. 12%

Central Europe,
Middle East &
Africa

Asia
Pacific

- Strong year with pent up demand
- Broad 3G roll out – accelerating subscriber growth

North
America



Latin
America

Regional Ericsson update, 2004

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

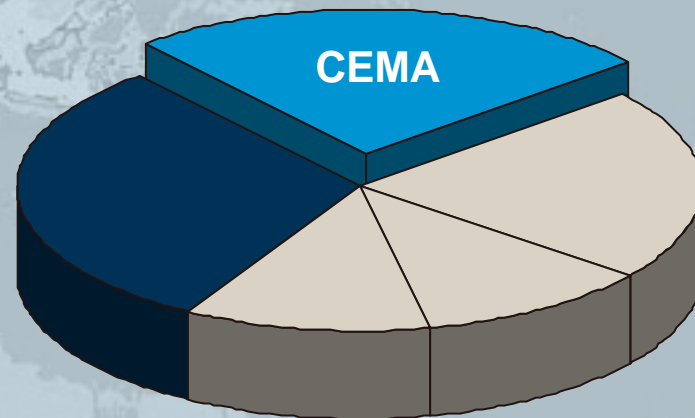
Western
Europe

Central Europe,
Middle East
& Africa
32.9 b. 23%

Asia
Pacific

- New networks and roll outs - strong subscriber growth
- Russia strong, Africa only started, 3G in Eastern Europe

North
America



Latin
America

Regional Ericsson update, 2004

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

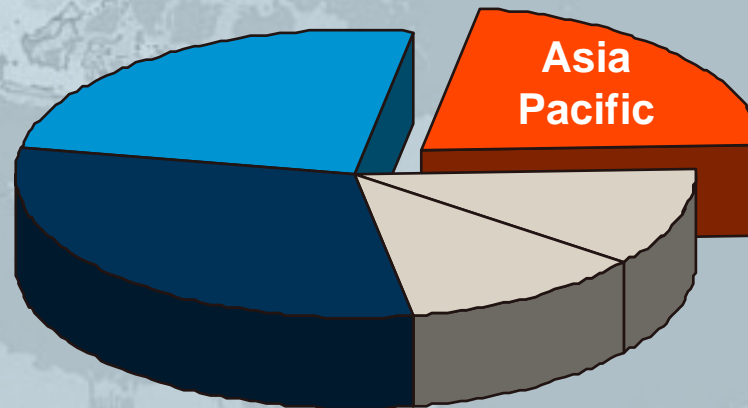
Western
Europe

Central Europe,
Middle East &
Africa

Asia
Pacific
28.6 b. 4%

- Large 2G potential in all markets – networks & subscribers
- 3G rollouts have started – demand for advanced services

North
America



Latin
America

Regional Ericsson update, 2004

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

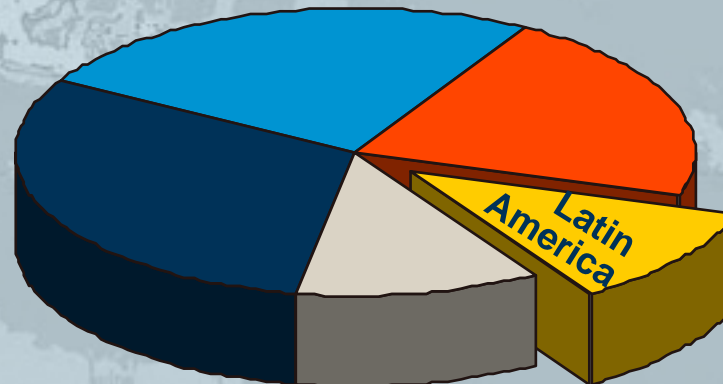
Western
Europe

Central Europe,
Middle East &
Africa

Asia
Pacific

- Strong growth following operator consolidation
- TDMA networks migrating to GSM

North
America



Latin
America
14.5 b. 46%

Regional Ericsson update, 2004

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

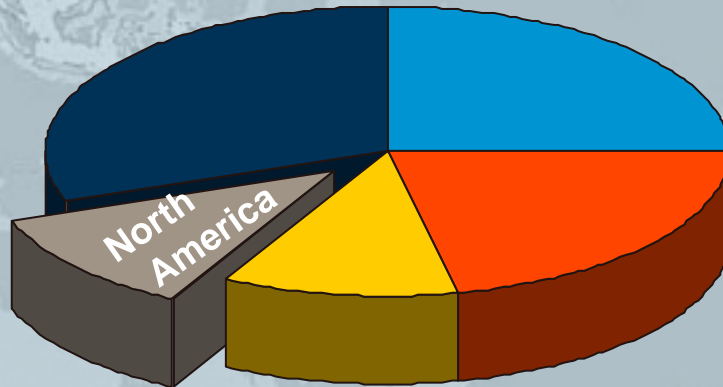
Western
Europe

Central Europe,
Middle East &
Africa

Asia
Pacific

- Operator consolidation – temporary capex slow down
- Intense operator competition with triple play in focus

North
America
15.5 b. -12%



Latin
America

Q4 financial highlights

- Orders booked SEK 37.9 (29.5) b.
 - Asia Pacific leading strong end of year
- Sales SEK 39.4 (36.2) b.
 - Up 9% year over year
- Gross margin 45.6% (41.6%)
 - Currency effects and roll out of new networks

Operational excellence

Q4 financial highlights (cont.)

- Income after financials SEK 9.3 (5.9) b.
 - Operating margin of 24.0%
- Cash flow before financing SEK 5.3 (4.6) b.
 - Increasing receivables with strong sales, DSO 75
- Debt free with net cash of SEK 42.9 b.
 - Strong financial position
 - Board will propose dividend of SEK 0.25

Operational excellence

Sony Ericsson Q4 highlights

- Exciting portfolio going forward
 - Design, music and imaging
- Strengthened market position
 - Units up 56%, sales up 40% year on year
- Income before tax EUR 140 (46) million
- Marketing and R&D investments for further growth



Market outlook 2005

- Global mobile systems market to show slight growth*
 - 2004 strong growth year following pent up demand
- Good growth in professional services*

*All estimates are measured in USD and refer to market growth compared to previous year.
This slide contains forward looking statements.

Well positioned to capture market opportunities

Fourth **Q**uarter **R**eport

QUESTIONS & **A**NSWERS

2004

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ERICSSON 

TAKING YOU FORWARD