

ERICSSON 

TAKING YOU FORWARD

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

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CFO

2004

Financial summary

(SEK b.)

	Q403	Q104	Q204	Q304	Q404	2004
Orders, net	29.5	33.0	33.1	29.0	37.9	133.0
Sales	36.2	28.1	32.6	31.8	39.4	132.0
Gross margin (%)	41.6	44.7	47.8	47.1	45.6	46.3
Operating margin (%)	17.5	16.1	22.8*	22.7	24.0	21.9
Income after financial items	5.9	4.3	7.5*	7.0	9.3	28.4
EBITDA (%)	21.2	20.0	26.4*	26.8	27.1	25.3

*Adjusted to exclude a one-time positive effect of SEK 0.3 b. 2003 period adjusted for restructuring costs

Full year profit of SEK 28.4 b.

Book-to-bill Q4 2004

(SEK b.)

Region	Orders	Sales	Seq. % change	% of sales	Book-to-bill
Western Europe	12.0	13.2	33%	34%	0.90
CEMA	9.4	9.9	20%	25%	0.95
North America	3.5	2.8	-16%	7%	1.25
Latin America	2.9	4.5	23%	11%	0.65
Asia Pacific	10.0	9.0	37%	23%	1.11
Total	37.9	39.4	24%	100%	0.96

Full year book-to-bill > 1

Systems

(SEK b.)

	Q403	Q104	Q204	Q304	Q404	2004
Orders, net	27.6	31.1	31.2	27.4	35.3	125.0
Sales	33.6	26.1	30.4	29.6	36.8	122.9
Operating income	5.8	4.2	6.3	6.5	8.3	25.3
Operating margin (%)	17.2	16.1	20.8	21.9	22.6	20.6

2003 period adjusted for restructuring costs.

Operational excellence

Other Operations

(SEK b.)

	Q403	Q104	Q204	Q304	Q404	2004
Orders, net	2.3	2.4	2.7	2.5	2.8	10.4
Sales	3.2	2.4	2.8	2.8	3.3	11.4
Operating income	0.3	0.0	0.6	0.3	0.6	1.5
Operating margin (%)	8.3	1.8	20.0	9.3	18.2	12.9

2003 period adjusted for restructuring costs

Continued good performance

Strong financial performance

(SEK b.)

	Q403	Q104	Q204	Q304	Q404	2004
Net income	0.1	3.0	5.3	4.8	6.0	19.0
Adjustment, income to cash	4.2	1.8	1.7	2.6	2.9	9.0
Income to cash	4.3	4.8	7.0	7.4	8.9	28.0
Working capital	0.4	-1.5	-0.5	-0.9	-2.6	-5.5
Cash flow from operating activities	4.7	3.2	6.5	6.5	6.3	22.5
Investing activities	-0.1	-0.3	-2.2	-1.3	-1.0	-4.8
Cash flow bef. financing activities	4.6	2.9	4.3*	5.2	5.3	17.7
Net cash	27.0	26.8	31.7	36.8	42.9	
Equity ratio (%)	34.4	35.0	37.5	40.9	42.8	

Debt reduced by SEK 13.6 b.

* Adj. cash flow before financing of SEK 7.1 b. (excl. SEK 2.8 b. in non-recurring items)

Operating efficiency trends

	2002	2003	2004	Targets
Accounts receivable (SEK b.)	37.4	31.9	32.6	
DSO	92	79	75	<90
Inventories (SEK b.)	13.4	11.0	14.0	
Inventory turnover	5.1	6.1	5.7	>5.5
Accounts payable (SEK b.)	12.5	9.0	11.0	
Payable days	40	37	46	>45

Targets achieved – operational excellence remains in focus

Sony Ericsson



	2003	Q403	Q304	Q404	2004
No of units shipped (million)	27.2	8.0	10.7	12.6	42.3
Sales (EUR m.)	4,673	1,437	1,678	2,005	6,525
IBT (EUR m.)	-130	46	136	140	486
Net income (EUR m.)	-86	43	90	55*	316
Ericsson share in earnings (SEK b.)	-0.6	0.2	0.6	0.6	2.1

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

Prepared for the future

Changes with IFRS

- Amortization of capitalized development costs
- No amortization of goodwill
- Share-based payments
- Financial instruments

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