

# First Quarter Report

2009

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# Financial summary

(SEK b.)

|                              | Q105  | Q405  | Q106  | YoY % |
|------------------------------|-------|-------|-------|-------|
| Sales                        | 31.5  | 45.7  | 39.2  | 24%   |
| Gross margin                 | 48.5% | 44.2% | 43.3% |       |
| Adj. Operating income        | 6.6   | 10.4  | 7.0*  | 6%    |
| Operating income             | 6.6   | 10.4  | 6.6   |       |
| Operating margin             | 21.0% | 22.7% | 16.9% |       |
| Income after financial items | 6.7   | 10.1  | 6.7   |       |
| Adj. EPS                     | 0.29  | 0.54  | 0.31* | 6%    |
| EPS                          | 0.29  | 0.54  | 0.29  |       |

\*Excl. Marconi intangible amortization of SEK 0.4 b.

# Marconi effect

|                     | Q1 06 | Marconi<br>Operations<br>Q1 06 | Marconi<br>Amortization<br>Q1 06 | Ericsson<br>excl.<br>Marconi<br>Q106 | Ericsson<br>Q105 | YoY% |
|---------------------|-------|--------------------------------|----------------------------------|--------------------------------------|------------------|------|
| Sales               | 39.2  | 2.9                            |                                  | 36.3                                 | 31.5             | 15%  |
| Operating<br>Income | 6.6   | -0.2                           | -0.4                             | 7.2                                  | 6.6              | 9%   |
| Operating<br>Margin | 16.9% |                                |                                  | 19.9%                                | 21.0%            |      |

“Old” Ericsson performing well

# Financial performance

(SEK b.)

|   | Q105  | Q405  | Q106  | YoY % |
|---|-------|-------|-------|-------|
| Net income                                    | 4.6   | 8.5   | 4.6   | -1%   |
| Adj. income to cash                           | 2.2   | 2.7   | 3.3   | 49%   |
| Income to cash                                | 6.8   | 11.3  | 7.8   | 15%   |
| Working capital                               | -12.6 | 3.8   | -5.4  | -60%  |
| Cash flow from operating activities           | -5.8  | 15.1  | 2.4   |       |
| Investing activities                          | -0.7  | -1.6  | -18.5 |       |
| Adj. Cash flow bef. fin. investing activities | 1.8*  | 13.5  | 1.5** | 146%  |
| Cash flow bef. fin. investing activities      | -6.5  | 13.5  | -16.1 |       |
| Net cash                                      | 41.4  | 50.6  | 33.7  | -19%  |
| Equity ratio (%)                              | 45.6% | 49.0% | 50.2% |       |

\*Excl. pension trust SEK 8.3 b.

\*\*Excl. Marconi acquisition SEK 17.6 b.

# Operating efficiency trends

|                                  | Q105 | Q405 | Q106 | Targets |
|----------------------------------|------|------|------|---------|
| Accounts receivable (SEK b.)     | 34.5 | 41.2 | 44.8 |         |
| DSO                              | 97   | 81   | 101  | <90     |
| Inventories, incl. CWIP (SEK b.) | 18.0 | 19.2 | 23.5 |         |
| Inventory turnover               | 4.0  | 5.2  | 4.2  | >5.5    |
| Accounts payable (SEK b.)        | 10.8 | 12.6 | 14.4 |         |
| Payable days                     | 61   | 52   | 52   | >45     |

Operational excellence remains in focus

**ERICSSON** 

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