

Ericsson increases income before taxes by more than 300% and confirms leadership in mobile Internet

- *Order intake up 45 percent, driven by Mobile Systems.*
- *Leadership in mobile Internet confirmed – over 50 percent of all commercial agreements for GPRS and 3G.*
- *Infrastructure business success continues – operating margin doubled to 18 percent for Network Operators.*
- *Consumer Products: Sales up 40 percent. Component shortages from a key supplier created a loss. Firm actions to restore profitability are taken.*
- *Outlook for 2000: Sales growth more than 25 percent and operating margin around 10 percent.*

SEK b.	Second quarter			Six months		
	2000	1999	Change	2000	1999	Change
Orders	64.7	52.2	24%	144.2	99.7	45%
Sales	65.0	50.8	28%	124.1	92.4	34%
Income before taxes (IBT)	12.6	3.0	325%	18.6	4.3	337%
IBT adjusted *	6.7	3.0	127%	12.8	4.3	200%
EPS (SEK)	1.28	0.31	313%	1.82	0.44	314%
EPS adjusted (SEK) *	0.59	0.31	90%	1.13	0.44	157%
EPS US GAAP (SEK)	1.17	0.36	225%	1.80	0.56	221%
Cash flow before financing activities	7.2	-7.9		1.0	-18.7	

* excl. non-operational capital gains and pension refund

SUMMARY

Ericsson reports income before taxes of SEK 18.6b. for the first six months of 2000, an increase of more than three hundred percent over the result of the first half of 1999. Sales of infrastructure for mobile communications continued to be the main contributor to the success. In the Network Operator segment, Ericsson doubled operating margins from 9 to 18 percent. Income benefited from capital gains of SEK 8.2b. Excluding non-operational capital gains and a pension refund, income before taxes was SEK 12.8 (4.3)b. and adjusted earnings per share (EPS) were SEK 1.13, up 157 percent from last year.

Ericsson achieved a sales increase of 34 percent to SEK 124b. for the first six months. Orders increased by 45 percent, driven by rapid growth in demand for mobile infrastructure and mobile phones.

In the second quarter, sales increased by 28 percent and income before taxes increased by 325 percent to SEK 12.6b. Income before taxes adjusted for non-operational gains and pension refund was SEK 6.7b., more than twice the income of the second quarter last year.

Cash flow for the second quarter was positive, also excluding non-operational divestitures. The pension refund did not affect cash flow during the quarter.

“These results confirm Ericsson’s leading position in mobile infrastructure. Now we are building the mobile Internet. We have invested more in R&D than anyone else in the industry to expand our lead,” said Kurt Hellström, president of Ericsson. “So far, we have captured over 50 percent of both the GPRS and the 3G market – solid proof of our unmatched position as market leader.”

The Network Operators segment represents almost 70 percent of Ericsson’s business. Sales in this segment increased by 32 percent for the six months, while orders increased by 47 percent. Benefiting from its broad base of system technologies and a global presence, Ericsson grew faster than the market.

Consumer Products increased sales by 40 percent. The segment reports a loss due to component shortage from a key supplier and an unfavorable product mix. To restore profitability, a strategic review is ongoing and a number of firm actions have been initiated. Ericsson will address the entry-level segment with a special purpose organization and externally sourced products, concentrate the product portfolio, streamline manufacturing, and increase R&D for mobile Internet to expand leadership in GPRS and 3G. Several new leading-edge products were announced during the period, including the first combined GPRS and Bluetooth phone.

Enterprise Solutions showed a moderate business development with sales at the same level as last year. Order bookings for business consulting increased substantially. Solutions for mobile Internet represented 50 percent of the business consulting projects.

Ericsson achieved strong growth in all market areas. North America was again the fastest growing area with a 69 percent rise in sales, followed by Latin America with 42 percent sales increase.

The company reaffirms its positive outlook for 2000. For the full year, Ericsson expects sales growth to exceed 25 percent. Operating margin is expected to be around 10 percent, with a positive cash flow before acquisitions.

ORDERS AND SALES

For the six month period, orders increased by 45 percent to SEK 144.2b. and sales increased by 34 percent to SEK 124.1b. For comparable units, orders increased by 47 percent and sales increased by 36 percent. In the second quarter, orders booked increased by 24 percent to SEK 64.7b. and sales by 28 percent to SEK 65.0b.

Order bookings normalized in the second quarter from the extraordinary level in the first quarter. During the second quarter, bookings for Network Operators were up 22 percent over the same period last year, and for Consumer Products 33 percent, while the Enterprise Solutions segment orders declined by 14 percent, mainly in the PBX area, whereas the consulting business developed favorably. Strong sales performance was realized in North America (+49 percent) and Latin America (+31 percent) in particular. The other market areas all increased by more than 20 percent.

OPERATING INCOME AND MARGINS

In the first half of 2000, operating income was SEK 19.4b., up 275 percent from 1999.

For the second quarter, operating income was SEK 13.0b. Included in the income are non-operational capital gains of SEK 4.7b. resulting mainly from the divestiture of the Energy System business, and some real estate properties in Stockholm. Both are part of the ongoing process of focusing on core businesses. Also included is a SEK 1.1b. refund of pension premiums in Sweden. Adjusted for these items, operating income was SEK 7.2 (3.4)b. or 11 (7) percent of sales in the quarter.

Included in the operating income for the second quarter are operational capital gains from sales of shares in AU-system, iD2 and Across Wireless for a total of SEK 2.0b. Of the operational capital gains reported during the quarter, SEK 1.5b. are allocated to Network Operators and SEK 0.5b. to Consumer Products. (See exhibit on capital gains.)

Other operating revenues now include all gains and losses, operational as well as non-operational. No deductions are made from operating expenses. The gains and losses reported in the first quarter have been restated to reflect this change and to better facilitate analysis of their effect. Gains and losses are classified as operational when they have a direct relation to ongoing continued operations. The item "Other operating revenues" also includes the SEK 1.1b. pension premium refund.

Operating expenses were 32 percent of sales in the second quarter, down from 33 percent in the first quarter, which is mainly attributable to lower selling expenses and partly offset by increased R&D expenses. The gross margin declined from 41 percent to 40 percent in the second quarter, which is mainly attributable to increased price pressure in Consumer Products. Adjusted operating margin for the six months remains at 11 percent. However, more intense R&D activity relative to 3G including IP/Datacom for both systems and mobile phones is required, and may affect the R&D expenses later this year.

Total R&D expenses (including SEK 0.4b. of costs related to customer orders) increased by 28 percent to SEK 17.2b., which corresponds to 14 (14) percent of sales. Other technical expenses decreased by 29 percent to SEK 2.0 (2.8)b. Total R&D and other technical expenses amounted to SEK 19.1 (16.2)b. or 15 (17) percent of sales.

NET INCOME, EARNINGS PER SHARE AND CASH FLOW

Income before taxes (IBT) was SEK 18.6 (4.3)b. for the six month period. Excluding non-operational items, IBT was SEK 12.8b., and in the second quarter IBT more than doubled to SEK 6.7 (3.0)b. Operational capital gains of SEK 2.0b. are included.

Income taxes are comparatively low, with a tax rate of 23 percent, since a considerable share of the capital gains reported are non-taxable.

Earnings per share (EPS) fully diluted were SEK 1.28 in the second quarter. Excluding the non-operational items, EPS was SEK 0.59 (0.31). For the first six months, Ericsson reports EPS of SEK 1.82 (0.44).

EPS according to US GAAP were SEK 1.80. The difference to Swedish EPS is insignificant in this reporting period, due to the US GAAP requirement not to recognize the pension refund until received, which offsets the normal addition to US GAAP income resulting from capitalization of R&D related to software.

In the second quarter, Ericsson repurchased 1.8 million shares, which are to be kept as treasury stock in order to hedge obligations under employee stock option plans. This is reported as a SEK 0.3b. reduction of equity. Convertible debentures intended for employee purchases, but which had not been utilized, were also sold. The resulting capital gain is reported, net of tax, as an increase in equity of SEK 1.7b. A portion of stock options related to the year 2000 program for employees was set aside as a hedge to cover payroll taxes related to the program. These options were disposed of and the proceeds net of tax are reported directly in equity with SEK 0.3b.

Changes in foreign currency exchange rates had a net positive effect on income of approximately SEK 0.3b. driven mainly by the stronger US dollar.

Cash flow before financing activities was favorable in the second quarter, mainly attributable to the sale of Energy Systems. Excluding non-operational items, cash flow was still positive by SEK 1.0b. This is a result of improved income as well as favorable development of accounts receivable, which offset negative effects from increased inventory.

Inventory increased another SEK 7.2b. in the second quarter, largely driven by component shortage issues plus general volume increases. Inventories for systems are expected to decline during the second half of the year as the order backlog is reduced. The inventory situation will be closely monitored to ensure we are able to fulfil our customer obligations and to minimize the amount of capital tied up in inventory.

The equity ratio improved during the first six months to 38.0 percent compared to 35.2 percent at year-end 1999.

EMPLOYEES

The number of employees was reduced by around 2,000 to 101,317, compared to 103,290 at year-end 1999, mainly due to the divestiture of Energy Systems in the second quarter and Private Radio Systems in the first quarter.

BUSINESS SEGMENTS

The development of orders and sales reflects the continued growth and rapid expansion of mobile infrastructure. Ericsson expects the number of mobile subscribers to double over the next two years to 1 billion in 2002. We also estimate that in 2004 mobile Internet will have over 600 million users – more than the number of fixed Internet users.

Segment results, Six months 2000 *

Segment	Orders SEK b.	Net Sales SEK b.	Growth %	Operating Income SEK b.	Operating Margin %	Employees
Network Operators	102.7	84.8	32%	15.6	18 (9)	65,005
Consumer Products	28.0	28.1	40%	-1.8	-6 (0)	17,710
Enterprise Solutions	9.4	7.9	0%	-	0 (-3)	8,687
Other Operations	10.8	9.9	36%	5.8	58 (5)	8,839
Unallocated				-0.2		1,076
Inter-segment sales	-6.7	-6.6				
TOTAL	144.2	124.1	34%	19.4	16 (6)	101,317

Segment results, Second quarter 2000 *

Segment	Orders SEK b.	Net Sales SEK b.	Growth %	Operating Income SEK b.	Operating Margin %
Network Operators	45.3	46.1	29%	9.8	21 (10)
Consumer Products	13.4	13.4	29%	-2.3	-17 (-0.3)
Enterprise Solutions	3.9	4.0	-9%	-0.1	-1 (0.1)
Other Operations	4.9	4.6	15%	5.3	N/A (5)
Unallocated				0.3	
Inter-segment sales	-2.8	-3.1			
TOTAL	64.7	65.0	28%	13.0	20 (7)

Network Operators and Service Providers showed continued strength in the second quarter with an operating margin improved to 21 percent, compared with 15 percent in the first quarter. Order bookings were up 47 percent for the six month period, with wireless systems up 56 percent and wireline up 27 percent. The strongest order intake has been in the US, China, Turkey, UK, and Mexico. In the second quarter, order bookings normalized to 22 percent over the second quarter last year, compared to the extraordinary 76 percent increase in the first quarter. Ericsson increased sales in the first six months 2000 by 32 percent to SEK 85b. over last year, driven by especially strong sales in the US, UK, Japan, Mexico, and Turkey.

During the first half of 2000, Ericsson confirmed its clear leadership in the market for mobile Internet, by capturing majority market shares in the two main infrastructure areas: GPRS and 3G.

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Ericsson will successively implement a new divisional structure during the second half of 2000. Financial reporting will be made according to current business segments for the 9 and 12 months reports. In the full year report, a pro forma restating of results for year 2000 into new divisions is planned.

In GPRS, Ericsson has won over 50 percent of the market, both in terms of number of contracts and number of subscribers. With the recent contracts including those with Vodafone and Turkcell, Ericsson has signed a total of 47 commercial agreements and 44 test systems. Overall, the commercial GPRS agreements cover more than 104 million subscribers.

In 3G, Ericsson has been selected by seven out of ten operators, of which five have named Ericsson as the main supplier. Customers are: Vodafone (UK), Tele1 Europe (Sweden and Norway), NTT DoCoMo (Japan), Japan Telecom (Japan), Suomen 2G (Finland), Ålands Mobiltelefon AB (Finland), and BT Cellnet (UK). More 3G announcements are anticipated in the near future.

The business unit Wireline Systems showed a continued positive development. Order growth was primarily generated by strong demand for Ericsson's ENGINE multi-service network solution. ENGINE is a method for upgrading existing telecom networks for advanced Internet services. During the first half of 2000, Ericsson gained a considerable strategic foothold in this market, and was chosen by several operators including France Telecom and most recently Telefónica in Brazil.

During the period, Ericsson spearheaded development in mobile Internet applications and mobile e-commerce. Customers include leading financial institutions such as Visa, Mastercard and Citibank. Together with online trader Charles Schwab, Ericsson formed an alliance to develop mobile investment applications. Ericsson also led the formation of an industry group with Nokia and Motorola to develop MET – a standard to secure mobile e-commerce.

Consumer Products led the way in mobility once again by announcing the first GPRS and Bluetooth phones. During the second quarter, Ericsson started selling the R280 CDPD phone for the American mobile Internet market and the GSM WAP-phone R320, which is the first WAP-phone to be officially certified by the WAP Forum.

The segment showed a 40 percent increase in sales in the first half 2000. During the second quarter, the segment generated a loss of SEK 2.3b. on sales of SEK 13.4b.

A key component supplier was unable to fulfil commitments to supply critical components. A fire damaged a factory and severely reduced the supplier's capacity, negatively affecting Ericsson's sales and income. The impact on income before taxes from this event in the first half of the year is approximately SEK -1b. and for the full year the corresponding impact is estimated to be SEK -3 to -4b. Overall, the impact of component shortages will be SEK -1.5b in the first half and SEK -2.5 to -3.5b in the second half of this year.

The demand for entry-level phones continues to expand, which resulted in an unfavorable product mix for Ericsson. The combination of component shortages and product mix caused the loss for the segment during the second quarter.

The component shortage will continue through the third quarter. To improve supply and better balance the component situation, Ericsson Microelectronics has been established as a second supplier.

To restore profitability, a strategic review of the Consumer Products is ongoing and a number of actions have been initiated.

- New entry-level approach: A new special purpose organization focused on entry-level products has been established in Asia. Complete products will be sourced from external suppliers to radically improve cost and time to market.

- Concentration of product portfolio: Closing unprofitable product lines and focusing on fewer products to optimize for profitability.
- Streamline manufacturing: Reallocation of high volume production to lower cost factories. Concentration of production of advanced products to be close to the R&D centers.
- Increased R&D for mobile Internet: Reallocation of resources to the key areas of GPRS and 3G, by reducing the scope of R&D activities in less important areas.

Implementation of these actions will restore profitability within the next 12 months. The segment is expected to make an operating loss for the year.

Enterprise Solutions sales are flat in the first half of 2000. The PBX operation is currently restructuring its sales and distribution channels; during the period the direct channels in the US were sold. Operating income was close to break-even.

Other operations report a sales increase of 36 percent to almost SEK 9.9b. and an operating income of SEK 5.8b. in the first six months. Operating income in the second quarter was SEK 5.3b., including SEK 4.7b. of non-operational capital gains of sales of Energy Systems and real estate properties. Adjusted for this, Defense Systems, Cables and Microelectronics showed total operating margins of 11 percent in line with the result in the first quarter. Orders and sales grew 13 and 15 percent respectively.

MARKET AREAS

Ericsson reports continued strong demand for mobile communications during the first six months 2000 in all its market areas. The fastest growing market area was North America with a 69 percent increase in sales, followed by Latin America (up 42 percent).

External sales by market area/by segment, Six months 2000

SEK b.*	Network Operators	Consumer Products	Enterprise Solutions	Other	TOTAL	% of Total	% incr.
Western Europe	27.3	12.2	3.7	3.8	47.0	38	29
CEEMA**	12.2	3.6	0.3	0.7	16.8	14	33
North America	13.1	5.2	0.3	0.7	19.3	15	69
Latin America	14.0	2.2	0.6	0.5	17.3	14	42
Asia Pacific	18.1	4.7	0.5	0.4	23.7	19	20
TOTAL	84.7	27.9	5.4	6.1	124.1	100	34

* Internal sales between segments are eliminated

** Central and Eastern Europe, Middle East and Africa

External sales by market area/by segment, Second quarter 2000

SEK b.*	Network Operators	Consumer Products	Enterprise Solutions	Other	TOTAL	% of Total	% incr.
Western Europe	15.1	5.1	1.9	1.3	23.4	36	23
CEEMA**	6.8	2.1	0.2	0.4	9.5	15	21
North America	7.4	2.8	0.1	0.4	10.7	16	49
Latin America	7.8	1.2	0.3	0.3	9.6	15	31
Asia Pacific	9.2	2.2	0.2	0.2	11.8	18	25
TOTAL	46.3	13.4	2.7	2.6	65.0	100	28

* Internal sales between segments are eliminated

** Central and Eastern Europe, Middle East and Africa

Western Europe

The market area Western Europe maintained a very positive growth in sales by 29 percent in the first half. Together with a strong subscriber growth, the market is characterized by early build-out of mobile Internet, and Ericsson won several GPRS contracts with several key operators including Orange, Vodafone and SwissCom. 3G licenses have been issued in UK, Spain, and Finland. Ericsson has already been named as supplier by Vodafone, Tele1 Europe, Soumen 2G, Ålands Mobiltelefon AB, and BT Cellnet.

Central and Eastern Europe, Middle East and Africa

Ericsson's sales in this market area grew by 33 percent from January to June 2000. Turkey, the largest market in the area, continued its positive development. Ericsson won an important GPRS contract with Turkcell. Several countries in the area will begin issuing 3G licenses during third quarter 2000.

North America

As the fastest growing market area, North America reports a sales increase for six months of 69 percent. Market growth was driven by a continuing rise in both number of subscribers as well as minutes-of-use.

Latin America

This market area continued its positive development with a 42 percent increase in sales. Especially high growth was achieved in Mexico and Argentina. In Chile, Ericsson won the first WAP contract in Latin America.

Asia Pacific

Orders continued to develop strongly in the market area, especially in China. Market growth in China continues to improve, driven by a considerable growth in the number of subscribers, with over 2 million new subscribers monthly.

Sales grew by 20 percent with strong sales growth reported in almost all markets except China. The situation in China is a consequence of the slow order intake last year. Excluding China, sales in the market area grew by 55 percent.

The Japanese market is characterized by very rapid adoption of mobile Internet and 3G licenses have already been issued. Japan is expected to implement the world's first commercial 3G network in the second quarter of 2001, and Ericsson has already been selected as 3G supplier by NTT DoCoMo and Japan Telecom.

Top 10 Markets in Orders and Sales, Six months 2000

Market	% of Total Orders	% of Total Sales
US	12	15
China	9	6
UK	7	8
Turkey	6	5
Italy	6	6
Spain	6	6
Brazil	5	5
Mexico	5	5
Japan	5	6
Sweden	4	4

OUTLOOK

Mobility is the force behind the fast growth in the telecommunications industry. Only two years from now, there will be more users of mobile phones than wired phones, and in just three years we project that mobile Internet will also overtake the wired Internet. This development is a great business opportunity for Ericsson.

Ericsson is in the premiere position to drive the exciting development in mobile communications. We have technological leadership, the largest customer base, and one of the strongest systems integration expertise in the industry. We have already proven our leadership by capturing majority market shares in the two most important infrastructure areas for mobile Internet: over 50 percent of all commercial agreements in GPRS and 3G.

Ericsson expects operators to aggressively implement 3G networks to expand the mobile Internet.

A key competitive advantage is our capability to supply a full range of systems, phones and applications for the mobile Internet. We will continue to strengthen our mobile phones business to support our overall strategy to be an end-to-end supplier. Similarly, we are developing the business for mobile Internet applications.

Ericsson's six month results demonstrate our strong market position. While our investments in 3G will generate profits over the coming years, the current expansion of second generation mobile networks continues to be the driver for Ericsson's positive financial performance.

For the third quarter, we expect sales to be up more than 25 percent compared to third quarter last year. As a consequence of the component supply situation, income before taxes is anticipated to be less than that of the first or second quarter but at least at the same level as the third quarter of 1999. This outlook excludes any impact from non-operational capital gains.

For the full year 2000, we maintain our outlook for sales growth to exceed 25 percent. Operating margin is expected to be around 10 percent, with a positive cash flow before acquisitions.

Our long-term financial targets remain unchanged: We intend to grow faster than our market is growing. This means growing sales by more than 20 percent annually, with a return on capital employed of 20-25 percent, a positive cash flow before strategic acquisitions, and an operating margin of at least 10 percent.

Stockholm, July 21, 2000

Lars Ramqvist
Chairman and CEO

Kurt Hellström
President

(Unaudited)

Uncertainties in the Future.

“Safe Harbor” Statement under the U.S. Private Securities Litigation Reform Act of 1995:

Some statements in this interim report are forward looking and actual results may differ materially from those stated. In addition to the factors discussed, among other factors that may affect results are product demand, the effect of economic conditions, exchange-rate and interest-rate movements, the impact of competing products and their pricing, product development, commercialization and technological difficulties, political risks in the countries in which the Company has operations or sales, supply constraints, and the result of customer financing efforts.

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CONSOLIDATED INCOME STATEMENT (unaudited)

SEK millions	Apr-June	Apr-June	Jan-June	Jan-June
	2000	1999	2000	1999
Net sales	65,033	50,812	124,118	92,383
Cost of sales	-39,292	-30,301	-73,966	-54,009
Gross margin	25,741	20,511	50,152	38,374
Gross margin as percentage of net sales	39.6%	40.4%	40.4%	41.5%
Research and development and other technical expenses	-10,124	-8,371	-18,633	-15,297
Selling expenses	-7,418	-7,200	-15,709	-13,824
Administrative expenses	-3,455	-2,547	-6,329	-5,374
Operating expenses	-20,997	-18,118	-40,671	-34,495
Operating expenses as percentage of net sales	32.3%	35.7%	32.8%	37.3%
Other operating revenues	8,159	829	9,814	1,049
Share in earnings of associated companies	94	154	77	234
Operating income	12,997	3,376	19,372	5,162
Operating margin as percentage of net sales	20.0%	6.6%	15.6%	5.6%
Financial income	476	707	1,253	1,330
Financial expenses	- 744	-1,088	-1,701	-2,005
Income after financial items	12,729	2,995	18,924	4,487
Minority interest in income before taxes	- 174	- 39	- 303	- 229
Income before taxes ^{*)}	12,555	2,956	18,621	4,258
Taxes	-2,401	- 668	-4,221	-1,065
Net income ^{*)}	10,154	2,288	14,400	3,193
^{*)} Including capital gains/losses, net	7,803	676	8,164	754

CONSOLIDATED BALANCE SHEET

SEK millions	June 30 2000	Dec 31 1999	June 30 1999
Fixed assets			
Intangible assets	10,463	10,548	10,280
Tangible assets	24,396	24,719	23,068
Financial assets			
Equity in associated companies	2,755	2,712	2,869
Other investments	2,217	1,751	1,664
Long-term customer financing	6,097	6,657	6,088
Other long-term receivables	3,108	4,972	3,227
Total fixed assets	49,036	51,359	47,196
Current assets			
Inventories	40,777	25,701	30,378
Receivables			
Accounts receivable - trade and short-term customer financing	69,680	65,333	57,164
Other receivables	37,075	31,227	31,800
Short-term cash investments, cash and bank	27,643	29,008	12,213
Total current assets	175,175	151,269	131,555
Total assets	<u>224,211</u>	<u>202,628</u>	<u>178,751</u>
Stockholders' equity	83,178	69,176	61,129
Minority interest in consolidated subsidiaries	2,127	2,182	2,022
Convertible debentures	4,290	5,453	5,670
Interest bearing provisions and liabilities	37,765	39,567	37,042
Non-interest bearing provisions and liabilities	96,851	86,250	72,888
Total stockholders' equity, provisions and liabilities	<u>224,211</u>	<u>202,628</u>	<u>178,751</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK millions	Jan-June 2000	Jan-June 1999
Cash flow from operating activities	-4,598	-10,473
Investments	<u>5,637</u>	<u>-8,181</u>
Cash flow before financing activities	1,039	-18,654
Financing	-2,372	12,758
Effect of exchange rate changes on cash	<u>-32</u>	<u>-124</u>
Net change in cash	<u><u>-1,365</u></u>	<u><u>-6,020</u></u>

TREND OF OPERATIONS IN BRIEF

SEK millions	Jan-June 2000	Jan-June 1999	Changes in %
Net sales	124,118	92,383	34%
Operating margin as percentage of net sales	15.6%	5.6%	
Income before taxes	18,621	4,258	337%
Net income	14,400	3,193	351%
Average number of shares, fully diluted (million)	7,993	7,987	
Earnings per share, fully diluted (SEK)	1.82	0.44	314%
Earnings per share, fully diluted, in accordance with U.S. GAAP (SEK)	1.80	0.56	221%
Equity ratio	38.0%	35.3%	
Additions to tangible fixed assets	5,468	3,599	52%
Total depreciation on tangible and intangible assets	3,934	3,376	11%
- Of which goodwill	300	303	-1%
Number of employees, end of period	101,317	102,378	-1%
Orders booked	144,195	99,673	45%
Capital turnover ratio	2.0	1.9	5%

NET SALES BY SEGMENT BY QUARTER

(SEK m.)

Year-to-date

	2000		1999			
	0003A	0006A	9903A	9906A	9909A	9912A
Network Operators & Service Providers	38,718	84,819	28,505	64,314	99,208	149,943
Consumer Products	14,794	28,145	9,696	20,064	29,797	46,444
Enterprise Solutions	3,858	7,864	3,446	7,841	11,949	17,345
Other operations	5,343	9,935	3,312	7,301	11,326	16,750
Less: Intersegment sales	-3,628	-6,645	-3,388	-7,137	-10,632	-15,079
Total	59,085	124,118	41,571	92,383	141,648	215,403

Change %

	Change %	
	0003A	0006A
Network Operators & Service Providers	36%	32%
Consumer Products	53%	40%
Enterprise Solutions	12%	0%
Other operations	61%	36%
Less: Intersegment sales	7%	-7%
Total	42%	34%

Isolated quarters

	2000		1999			
	Q1	Q2	Q1	Q2	Q3	Q4
Network Operators & Service Providers	38,718	46,101	28,505	35,809	34,894	50,735
Consumer Products	14,794	13,351	9,696	10,368	9,733	16,647
Enterprise Solutions	3,858	4,006	3,446	4,395	4,108	5,396
Other operations	5,343	4,591	3,312	3,989	4,025	5,424
Less: Intersegment sales	-3,628	-3,016	-3,388	-3,749	-3,495	-4,447
Total	59,085	65,033	41,571	50,812	49,265	73,755

Change %

	Change %	
	0003A	0006A
Network Operators & Service Providers	36%	29%
Consumer Products	53%	29%
Enterprise Solutions	12%	-9%
Other operations	61%	15%
Less: Intersegment sales	7%	-20%
Total	42%	28%

ORDERS BOOKED BY SEGMENT BY QUARTER

(SEK m.)

Year-to-date

	2000		1999			
	0003A	0006A	9903A	9906A	9909A	9912A
Network Operators & Service Providers	57,465	102,735	32,672	69,879	110,916	151,762
Consumer Products	14,562	27,988	10,116	20,196	31,948	47,552
Enterprise Solutions	5,486	9,428	4,259	8,835	13,290	17,978
Other operations	5,854	10,770	3,795	8,134	12,769	22,021
Less: Intersegment sales	- 3,893	- 6,726	- 3,381	- 7,371	- 11,111	- 15,485
Total	79,474	144,195	47,461	99,673	157,812	223,828

Change %

	Change %	
	0003A	0006A
Network Operators & Service Providers	76%	47%
Consumer Products	44%	39%
Enterprise Solutions	29%	7%
Other operations	54%	32%
Less: Intersegment sales	15%	-9%
Total	67%	45%

Isolated quarters

	2000		1999			
	Q1	Q2	Q1	Q2	Q3	Q4
Network Operators & Service Providers	57,465	45,270	32,672	37,207	41,037	40,846
Consumer Products	14,562	13,426	10,116	10,080	11,752	15,604
Enterprise Solutions	5,486	3,942	4,259	4,576	4,455	4,688
Other operations	5,854	4,915	3,795	4,339	4,635	9,252
Less: Intersegment sales	- 3,893	- 2,832	- 3,381	- 3,990	- 3,740	- 4,374
Total	79,474	64,721	47,461	52,212	58,139	66,016

Change %

	Change %	
	0003A	0006A
Network Operators & Service Providers	76%	22%
Consumer Products	44%	33%
Enterprise Solutions	29%	-14%
Other operations	54%	13%
Less: Intersegment sales	15%	-29%
Total	67%	24%

NET SALES BY MARKET AREA BY QUARTER

(SEK m.)

Year-to-date

	2000		1999			
	0003A	0006A	9903A	9906A	9909A	9912A
Western Europe*	23,578	47,011	17,350	36,374	55,890	85,329
Central- and Eastern Europe, Middle East & Africa	7,323	16,799	4,779	12,621	19,528	29,736
North America	8,549	19,263	4,179	11,387	17,610	25,175
Latin America	7,781	17,334	4,920	12,186	18,916	30,263
Asia Pacific	11,854	23,711	10,343	19,815	29,704	44,900
Total	59,085	124,118	41,571	92,383	141,648	215,403
* Of which Sweden	2,380	4,371	1,685	3,868	5,461	7,551
* Of which EU	22,052	44,031	16,261	34,299	52,411	80,345

Change %

	Change %	
	0003A	0006A
Western Europe*	36%	29%
Central- and Eastern Europe, Middle East & Africa	53%	33%
North America	105%	69%
Latin America	58%	42%
Asia Pacific	15%	20%
Total	42%	34%
* Of which Sweden	41%	13%
* Of which EU	36%	28%

Isolated quarters

	2000		1999			
	Q1	Q2	Q1	Q2	Q3	Q4
Western Europe*	23,578	23,433	17,350	19,024	19,516	29,439
Central- and Eastern Europe, Middle East & Africa	7,323	9,476	4,779	7,842	6,907	10,208
North America	8,549	10,714	4,179	7,208	6,223	7,565
Latin America	7,781	9,553	4,920	7,266	6,730	11,347
Asia Pacific	11,854	11,857	10,343	9,472	9,889	15,196
Total	59,085	65,033	41,571	50,812	49,265	73,755
* Of which Sweden	2,380	1,991	1,685	2,183	1,593	2,090
* Of which EU	22,052	21,980	16,261	18,038	18,112	27,934

Change %

	Change %	
	0003A	0006A
Western Europe*	36%	23%
Central- and Eastern Europe, Middle East & Africa	53%	21%
North America	105%	49%
Latin America	58%	31%
Asia Pacific	15%	25%
Total	42%	28%
* Of which Sweden	41%	-9%
* Of which EU	36%	22%

ORDERS BOOKED BY MARKET AREA BY QUARTER

(SEK m.)

Year-to-date

	2000		1999			
	0003A	0006A	9903A	9906A	9909A	9912A
Western Europe*	25,048	50,870	19,096	40,380	63,882	95,707
Central- and Eastern Europe, Middle East & Africa	17,388	24,503	9,197	14,764	25,786	30,626
North America	9,148	19,082	6,024	12,523	19,622	27,468
Latin America	9,695	19,312	3,432	11,032	17,816	27,797
Asia Pacific	18,195	30,428	9,712	20,974	30,706	42,230
Total	79,474	144,195	47,461	99,673	157,812	223,828
* Of which Sweden	2,924	6,010	1,565	3,517	5,248	7,182
* Of which EU	23,261	47,523	17,826	37,990	60,050	90,562

Change %

	Change %	
	0003A	0006A
Western Europe*	31%	26%
Central- and Eastern Europe, Middle East & Africa	89%	66%
North America	52%	52%
Latin America	182%	75%
Asia Pacific	87%	45%
Total	67%	45%
* Of which Sweden	87%	71%
* Of which EU	30%	25%

Isolated quarters

	2000		1999			
	Q1	Q2	Q1	Q2	Q3	Q4
Western Europe*	25,048	25,822	19,096	21,284	23,502	31,825
Central- and Eastern Europe, Middle East & Africa	17,388	7,115	9,197	5,567	11,022	4,840
North America	9,148	9,934	6,024	6,499	7,099	7,846
Latin America	9,695	9,617	3,432	7,600	6,784	9,981
Asia Pacific	18,195	12,233	9,712	11,262	9,732	11,524
Total	79,474	64,721	47,461	52,212	58,139	66,016
* Of which Sweden	2,924	3,086	1,565	1,952	1,731	1,934
* Of which EU	23,261	24,262	17,826	20,164	22,060	30,512

Change %

	Change %	
	0003A	0006A
Western Europe*	31%	21%
Central- and Eastern Europe, Middle East & Africa	89%	28%
North America	52%	53%
Latin America	182%	27%
Asia Pacific	87%	9%
Total	67%	24%
* Of which Sweden	87%	58%
* Of which EU	30%	20%

OPERATING INCOME AND OPERATING MARGIN PER SEGMENT PER QUARTER

(SEK m.)

Year-to-date

	2000		1999			
	0003A	0006A	9903A	9906A	9909A	9912A
Network Operators & Service Providers	5,760	15,581	2,108	5,758	10,919	19,637
Consumer Products	457	-1,829	-23	-56	-675	253
Enterprise Solutions	29	-21	-222	-216	-382	64
Other operations	543	5,798	128	342	139	75
Unallocated	-414	-157	-205	-666	-1,098	-2,439
Total	6,375	19,372	1,786	5,162	8,903	17,590

As percentage of Net Sales

	2000		1999			
	0003A	0006A	9903A	9906A	9909A	9912A
Network Operators & Service Providers	15%	18%	7%	9%	11%	13%
Consumer Products	3%	-6%	0%	0%	-2%	1%
Enterprise Solutions	1%	0%	-6%	-3%	-3%	0%
Other operations	10%	58%	4%	5%	1%	0%
Total	11%	16%	4%	6%	6%	8%

Isolated quarters

	2000		1999			
	Q1	Q2	Q1	Q2	Q3	Q4
Network Operators & Service Providers	5,760	9,821	2,108	3,650	5,161	8,718
Consumer Products	457	-2,286	-23	-33	-619	928
Enterprise Solutions	29	-50	-222	6	-166	446
Other operations	543	5,255	128	214	-203	-64
Unallocated	-414	257	-205	-461	-432	-1,341
Total	6,375	12,997	1,786	3,376	3,741	8,687

As percentage of Net Sales

	2000		1999			
	Q1	Q2	Q1	Q2	Q3	Q4
Network Operators & Service Providers	15%	21%	7%	10%	15%	17%
Consumer Products	3%	-17%	0%	0%	-6%	6%
Enterprise Solutions	1%	-1%	-6%	0%	-4%	8%
Other operations	10%	145%	4%	5%	-5%	-1%
Total	11%	20%	4%	7%	8%	12%

"Unallocated" consists mainly of costs for corporate staffs, certain goodwill amortization and non-operational gains and losses

NUMBER OF EMPLOYEES PER SEGMENT PER QUARTER

	2000		1999			
	0003A	0006A	9903A	9906A	9909A	9912A
Network Operators & Service Providers	63,616	65,005	65,530	65,909	65,359	64,695
Consumer Products	17,290	17,710	14,116	14,053	14,970	16,446
Enterprise Solutions	9,130	8,687	9,856	10,329	10,262	9,615
Other operations	11,257	8,839	11,046	11,278	11,474	11,525
Unallocated	1,030	1,076	669	809	712	1,009
Total	102,323	101,317	101,217	102,378	102,777	103,290

	Change %	
	Q1	Q2
Network Operators & Service Providers	-3%	-1%
Consumer Products	22%	26%
Enterprise Solutions	-7%	-16%
Other operations	2%	-22%
Unallocated	54%	33%
Total	1%	-1%

CAPITAL GAINS/LOSSES SPECIFICATION

SEK b.

OPERATIONAL	Q1	Q2	YTD
Network Operators and Service Providers			
Saraide	0,7		
Across Wireless		1,0	
AU-system		0,2	
iD2		0,3	
	<u>0,7</u>	<u>1,5</u>	2,2
Consumer Products			
Saraide	0,3		
Across Wireless		0,5	
	<u>0,3</u>	<u>0,5</u>	0,8
Enterprise Solutions			
Information Highway	0,1		0,1
Other Operations			
Other	0,3	0,1	0,4
Total	1,4	2,1	3,5
NON-OPERATIONAL			
Energy Systems		4,5	
Real estate		0,2	
Total	0	4,7	4,7
GRAND TOTAL CAPITAL G/L NET			8,2
Less minority interests			0
ERICSSON G/L NET OF MINORITY			8,2