

S_{econd} Q_{uarter} R_{eport}

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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.

Financial summary

(SEK b.)

	Q203	Q104	Q204	Seq. % change
Orders, net	28.3	33.0	33.1	0%
Sales	27.6	28.1	32.6	16%
Gross margin (%)	35.1	44.7	47.8	
Operating margin (%)	0.8	16.1	22.8*	
Income after financial items	0.2	4.3	7.5*	
EBITDA (%)	5.5	20.0	26.4*	

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

Operating margin surpasses historical high

Book-to-bill Q2 2004

(SEK b.)

Region	Orders	Sales	YoY % change	% of sales	Book-to-bill
Western Europe	10.1	9.4	10%	29%	1.1
CEMA	7.7	7.7	19%	24%	1.0
North America	2.4	4.9	17%	15%	0.5
Latin America	4.6	3.5	57%	10%	1.3
Asia Pacific	8.3	7.1	16%	22%	1.2
Total	33.1	32.6	18%	100%	1.02

Another quarter with strong order intake

Systems (SEK b.)

	Q203	Q104	Q204	Seq. % change
Orders	26.3	31.1	31.2	0%
Sales	25.2	26.1	30.4	16%
Operating income	0.6	4.2	6.3	
Operating margin(%)	2.4	16.1	20.8	

Mobile Networks sales up 28% YoY

Other operations

(SEK b.)

	Q203	Q104	Q204	Seq % change
Orders	2.3	2.4	2.7	13%
Sales	2.5	2.4	2.8	15%
Operating income	-0.3	0.0	0.6	
Operating margin (%)	-13.8	1.8	20.0	

Strong performance across most businesses

Strong financial performance

(SEK b.)

	Q203	Q104	Q204
Net income	-2.7	3.0	5.3
Adj. income to cash	1.1	1.8	1.7
Income to cash	-1.6	4.8	7.0
Working capital	7.3	-1.5	-0.5
Cash flow from operating activities	5.7	3.2	6.5
Investing activities	-0.6	-0.3	-2.2
Cash flow before financing activities	5.1	2.9	4.3 [*]
Net cash	11.0	26.8	31.7
Equity ratio (%)	36.0	35.0	37.5

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

Only minor working capital increase despite 16% higher sales

Operating efficiency trends

	Q203	Q104	Q204
Accounts receivable (SEK b.)	30.8	32.8	31.8
DSO	101	102	88
Inventories (SEK b.)	12.8	14.4	14.8
Inventory turnover	5.3	4.9	5.1
Accounts payable (SEK b.)	9.0	9.3	9.7
Payable days	45	54	52

Inventories reflect increased level of business activity

Sony Ericsson



	Q203	Q104	Q204
Number of units shipped (million)	6.7	8.8	10.4
Sales (EUR m.)	1,125	1,338	1,504
IBT	-102	97	113
Net income	-88	82	89
Ericsson share in earnings (SEK b.)	-0.5*	0.5	0.5

*Including restructuring cost of SEK -0.3 b.

Innovative products drive growth

Market outlook 2004

- Traffic increase should generate slight to moderate growth (USD)
- Additional effect from catch up continues but should abate over time
- Good growth in professional services market

Well positioned to capture market opportunities

Second **Q**uarter **R**eport

QUESTIONS & ANSWERS

