

Fourth 2005 Quarter Report 5

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2005

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Financial summary

(SEK b.)

	2002	2003	2004*	2005	YoY %
Sales	145.8	117.7	132.0	151.8	15%
Gross margin	32.3%	37.1%	46.3%	45.7%	
Operating margin	-8.6%	4.4%	20.2%	21.8%	
Income after financial items	-14.0	4.4	26.2	33.3	27%
EBITDA	-1.9%	11.1%	25.5%	25.6%	
Cash flow before fin. investing activities	-7.1	19.5	17.7	19.6*	11%
Net Cash	4.8	27.0	42.9	53.4	24%

Over SEK 55 b. in cash flow last 3 years

* Year 2004 has been restated according to IFRS rules

*Excluding SEK 8.3 b.in pension trust

Group Sales by segment

(SEK b.)

	Q404	Q305	Q405	YoY %	Seq %
Systems	36.8	33.9	43.0	17%	27%
- Mobile Networks	29.1	26.8	33.7	16%	26%
- Fixed Networks	1.5	1.1	1.3	-16%	12%
Total Network Equipment	30.6	27.9	34.9	14%	25%
- of which Network Rollout	3.6	3.6	5.5	51%	52%
Professional Services	6.2	6.0	8.1	31%	34%
Other Operations	3.3	2.5	3.0	-9%	20%
Less: Intersegment sales	-0.7	-0.2	-0.4		
Total	39.4	36.2	45.7	16%	26%

38% growth in Services

Financial summary

(SEK b.)

	Q404*	Q305	Q405	YoY %	Seq %
Sales	39.4	36.2	45.7	16%	26%
Gross margin	45.6%	45.2%	44.2%		
Operating margin	22.7%	21.6%	22.7%		
Income after financial items	8.7	8.0	10.1	16%	25%
EBITDA	27.1%	25.7%	25.5%		

Stable margins

* Year 2004 has been restated according to IFRS rules

Financial performance

(SEK b.)

	Q404*	Q305	Q405	YoY %	Seq %
Net income	5.6	5.3	8.5	52%	61%
Adj. income to cash	3.3	3.7	2.7	-49%	-54%
Income to cash	8.9	9.0	11.3	27%	25%
Working capital	-2.6	-8.7	3.8		
Cash flow from operating activities	6.3	0.3	15.1	140%	
Investing activities	-1.0	-1.3	-1.6	64%	18%
Cash flow bef. fin. investing activities	5.3	-1.1	13.5	153%	
Net cash	42.9	41.3	53.4	24%	29%
Equity ratio (%)	43.8%	49.2%	50.5%		

Strong cash flow for the full year

* Year 2004 has been restated according to IFRS rules

Operating efficiency trends

	Q404	Q305	Q405	Targets
Accounts receivable (SEK b.)	32.6	41.3	41.2	
DSO	75	102	81	<90
Inventories, incl. WiP (SEK b.)	14.0	19.8	19.2	
Inventory turnover	5.6	4.1	5.2	>5.5
Accounts payable (SEK b.)	10.8	11.7	12.6	
Payable days	51	54	52	>45

Operational excellence remains in focus

Sony Ericsson



	Q404	Q305	Q405	2004	2005
No of units shipped (million)	12.6	13.8	16.1	42.3	51.2
Sales (EUR m.)	2,005	2,055	2,310	6,525	7,268
IBT	140	151	206	486	514
Net income	55	104	144	316	356
Ericsson share in earnings (SEK b.)	0.6	0.7	0.9	2.1	2.3

Best ever year - unit shipment, sales and income

ERICSSON 

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