

# Second Quarter Report

2005



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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.

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**CARL-HENRIC SVANBERG** President and CEO

# Good industry momentum

- Strong growth in emerging markets
- Tariff competition drives traffic
- Focus on total cost of ownership
- Convergence on everyones agenda

# 3G rollout keeping up the pace

- WCDMA rollout continues, 28 m. subscribers
- More attractive handsets
- HSDPA - making the difference, strong momentum
- Cingular's US rollout drives the industry

# Accelerating demand for services

Professional services – year-over-year growth of 25%

- Growing interest for managed services
  - 48 managed networks with 43 million subscribers
- Strong track record
  - Demonstrated efficiency gains in value chain
- Expanding offering
  - Hosting, content (eg. Napster), payment systems

# Regional Ericsson update, Q2 2005



Western  
Europe

Central Europe,  
Middle East & Africa

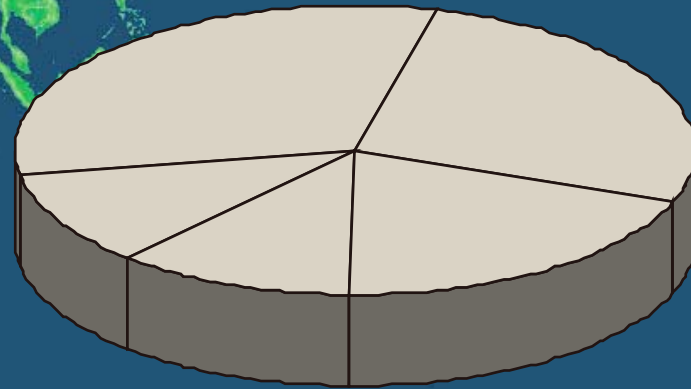
Asia  
Pacific

A true global company



North  
America

Latin  
America





# Regional Ericsson update, Q2 2005

- sales (BSEK) and growth (%) year-over-year



**Western  
Europe**  
9.9 b. +7%



Central Europe,  
Middle East & Africa



Asia  
Pacific

- 3G build out and GSM capacity enhancements
- Tariff competition adds to traffic growth
- Increased focus on managed capacity



North  
America



**Western  
Europe**



Latin  
America

# Regional Ericsson update, Q2 2005

- sales (BSEK) and growth (%) year-over-year

Western  
Europe  
9.9 b. +7%

Central Europe,  
Middle East & Africa  
10.0 b. +27%

Asia  
Pacific

- Largest region in Q2
- Focus on subscriber growth and rollouts
- Expander, EDGE and WCDMA

North  
America

CEMA

Latin  
America

# Regional Ericsson update, Q2 2005

- sales (BSEK) and growth (%) year-over-year

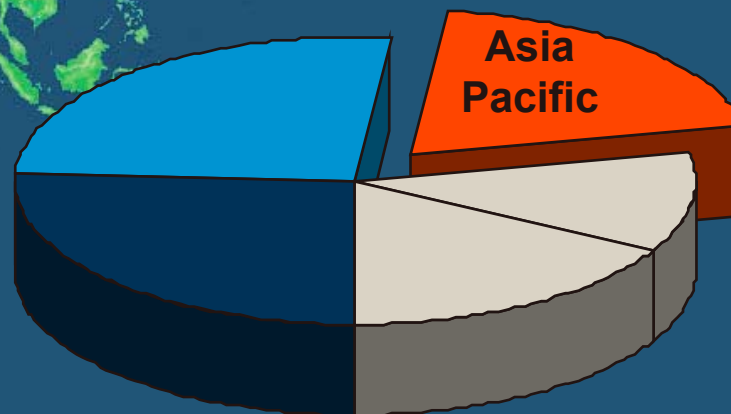
Western  
Europe  
9.9 b. +7%

Central Europe,  
Middle East & Africa  
10.0 b. +27%

Asia  
Pacific  
7.7 b. +8%

- Investments in new networks – Expander a driver
- 3G rollout and trials throughout region
- Steady subscriber and traffic growth in China

North  
America



Latin  
America

# Regional Ericsson update, Q2 2005

- sales (BSEK) and growth (%) year-over-year

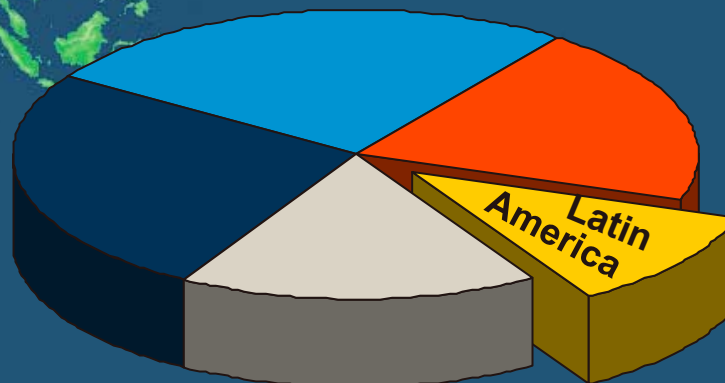
Western  
Europe  
9.9 b. +7%

Central Europe,  
Middle East & Africa  
10.0 b. +27%

Asia  
Pacific  
7.7 b. +8%

- Strong subscriber growth – particularly GSM
- Major rollout following consolidation - Expander in focus
- Successful implementation of mobile softswitch

North  
America



Latin  
America  
4.4 b. +28%

# Regional Ericsson update, Q2 2005

- sales (BSEK) and growth (%) year-over-year

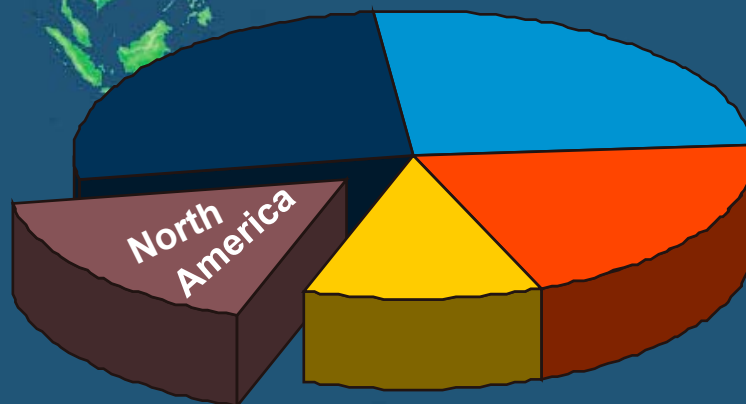
Western  
Europe  
9.9 b. +7%

Central Europe,  
Middle East & Africa  
10.0 b. +27%

Asia  
Pacific  
7.7 b. +8%

- Market rebound following operator consolidation
- Network rollouts ahead of plan after Q2
- Convergence, Triple play in focus – IMS a key enabler

North  
America  
6.5 b. +31%



Latin  
America  
4.4 b. +28%

# Q2 financial highlights

- Sales SEK 38.4 (32.6) b.
  - Up 18% year-over-year – 20% in constant currencies
- Gross margin 45.9% (47.8%)
  - Operational excellence in constant focus
- Income after financials SEK 8.5 (7.3) b.
  - Operating margin of 21.6%

**Responsiveness – Technology leadership - Operational excellence**

# Q2 financial highlights (cont.)

- Cash flow from operations SEK 5.4 (4.3) b.
  - ITO improving, DSO on target
- Debt free with net cash of SEK 42.4 b.
  - Strong financial position
- Equity ratio of 46.5%
  - Dividend paid in April

**Responsiveness— technology leadership - operational excellence**



# Sony Ericsson Q2 highlights

- Units shipped up 14% year-over-year
  - Up 26% sequentially
- Income before tax EUR 87 (113) million
  - Sales increased by 7% year-over-year
- K750 a major success – more to come



K750



W600





# Market outlook 2005

- Global mobile systems market in USD to show moderate growth\*
  - Upgraded from slight to moderate growth
- Good growth in professional services\*

**Well positioned to capture market opportunities**

\*All estimates refer to market growth compared to previous year. This slide contains forward looking statements.

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QUESTIONS & ANSWERS

**ERICSSON** 

**TAKING YOU FORWARD**