

# Fourth Quarter Report

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2006

Full year

KARL-HENRIK SUNDSTRÖM

CFO

# Financial summary

(SEK b.)

	Q405	Q106	Q206	Q306	Q406	YoY %	Seq %
Sales	45.7	39.2	44.2	40.8	53.7	18%	32%
Gross margin	44.2%	43.3%	42.0%	41.8% <sup>(1)</sup>	41.8%		
Operating income	10.4	6.6	8.3	8.8	12.2	18%	39%
Operating margin	22.7%	16.9%	18.7%	21.5%	22.7%		

**Best-in-class margins**

<sup>1)</sup> Excl. restructuring charges for Marconi and career change program of SEK 1.7 b

# Financial summary

(SEK b.)

	Q405	Q106	Q206	Q306	Q406	YoY %	Seq %
Income after financial items	10.1	6.7	8.3	8.9	12.2	21%	37%
EBITDA	25.5%	22.0%	22.6%	25.8%	26.5%		
Tax rate	14%	31%	31%	29%	19%		
Earnings per share	0.54	0.29	0.36	0.39	0.61	13%	56%

Tax rate estimated to be about 30% for full year 2007

# Financial summary

(SEK b.)

	2003	2004 <sup>(1)</sup>	2005	2006	YoY %
Sales	117.7	132.0	151.8	177.8	17%
Gross margin	37.1%	46.3%	45.7%	42.2% <sup>(2)</sup>	
Operating margin	4.4%	20.2%	21.8%	20.2%	
Income after financial items	4.4	26.2	33.3	36.0	8%
EBITDA	11.1%	25.5%	25.6%	24.4%	

## Continued solid performance

1) Year 2004 has been restated according to IFRS rules

2) Excl. restructuring charges for Marconi and career change program of SEK 1.7 b

# Cash flow summary

(SEK b.)

	2004 <sup>(1)</sup>	2005	2006
Net income	17.5	24.3	26.3
Adj. income to cash	10.5	10.8	6.2
Income to cash	28.0	35.2	32.5
Working capital	-5.5	-10.2 <sup>(2)</sup>	-14.0
Cash flow from operating activities	22.5	25.0 <sup>(2)</sup>	18.5
Investing activities	-4.8	-5.3	-6.3 <sup>(3)</sup>
Underlying cash flow	17.7	19.6 <sup>(2)</sup>	12.2 <sup>(3)</sup>
Cash flow bef. fin. investing activities	17.7	11.3	-2.6
Net cash	42.0	50.6	40.7
Equity ratio (%)	43.8%	49.0%	56.2%

1) Year 2004 has been restated according to IFRS rules

2) Excl. SEK 8.3 b. in pension trust

3) Excl. Marconi SEK 17.6 b. and Netwise SEK 0.3 b. acquisition & EMW SEK 3.1 b. divestiture

# Cash flow analysis

(SEK b.)

	Q405	Q306	Q406
Income to cash	11.3	4.4	11.9
Inventories including WIP	0.5	-2.6	3.0
Customer financing	-0.5	-0.3	1.2
Receivables	0.5	-2.0	-4.1
Payables, provision & other working capital	3.3	5.3	-1.0
Working capital	3.8	0.4	-0.9
CAPEX and Capitalized R&D	-1.5	-0.2	-2.1
Underlying cash flow	13.5	3.8 <sup>(1)</sup>	8.9
Major acquisitions/divestitures		2.8	
Cash flow before financing investing activities	13.5	6.6	8.9
Net cash	50.6	34.1	40.7

1) Excl. Netwise SEK 0.3 b. acquisition & EMW SEK 3.1 b. divestiture

# Operating efficiency trends

	FY'05	Sept'06	FY'06	Targets
Accounts receivable (SEK b.)	41.2	48.3	51.1	
DSO	81	105	86	<90
Inventories, incl. CWIP (SEK b.)	19.2	25.0	21.5	
Inventory turnover	5.0	4.4	5.1	>5.5
Accounts payable (SEK b.)	12.6	17.8	18.2	
Payable days	52	57	54	>45

Operational excellence remains in focus