

FIRST QUARTER REPORT

2007

KARL-HENRIK SUNDSTRÖM

CFO



Financial summary

(SEK b.)

	Q106*	Q406	Q107	YoY %	Seq %
Sales	39.6	54.2	42.2	7%	-22%
Gross margin	43.5%	42.2%	43.0%		
Operating margin excl. SEMC	14.9%	18.4%	15.5%		
Operating income	6.6	12.2	8.2	23%	-33%
Operating margin	16.7%	22.5%	19.3%		
EBITDA	21.8%	26.3%	23.8%		

Best-in-class margins

* Incl. Defense

Financial summary

(SEK b.)

	Q106	Q406	Q107	YoY %	Seq %
Income after financial items	6.7	12.2	8.3	24%	-32%
Tax rate	31%	19%	29%		
Earnings per share - diluted	0.29	0.61	0.36	24%	-41%
Cash EPS*	0.32	0.65	0.40		
Equity ratio (%)	50.2%	56.2%	56.6%		

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

* EPS excluding amortization of intangible assets

Cash flow analysis

(SEK b.)

	Q106	Q406	Q107
Net income	4.6	9.8	5.8
Adj. income to cash	2.0	2.1	0.0
Dividend from Sony Ericsson	1.2	0.0	0.0
Income to cash	7.8	11.9	5.8
Inventories incl WIP	-2.5	3.0	-1.8
Customer financing	1.8	1.2	-0.1
Receivables	-1.2	-4.1	0.2
Payables, prov. & oth work cap	-3.5	-1.0	-3.0
Change in working capital	-5.4	-0.9	-4.7
Prepayment from Sony Ericsson	0.0	0.0	3.5
Cash flow from operating activities	2.4	11.0	4.6
Major acquisitions	17.6	0.0	15.7
Net cash	33.7	40.7	29.1

Operating efficiency trends – Quarter

	Q106	Q406	Q107	Targets
Accounts receivable (SEK b.)	44.8	51.1	52.4	
DSO	100	85	107	<90
Inventories, incl. CWIP (SEK b.)	23.5	21.5	24.1	
Inventory turnover	4.2	5.4	4.2	>5.5
Accounts payable (SEK b.)	14.4	18.2	17.4	
Payable days	55	52	67	>60

Operational excellence remains in focus

ERICSSON 

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