



SECOND QUARTER REPORT

2007

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Financial summary

(SEK b.)

	Q206	Q107	Q207	YoY %	Seq %
Sales	44.0*	42.2	47.6	8%	13%
Gross margin	42.6%	43.0%	43.0%		
Operating margin	18.4%	19.3%	19.4%		
EBITDA	22.3%	23.8%	23.9%		
Operating margin excl. SEMC	16.3%	15.5%	16.4%		
EBITDA excl. SEMC	20.2%	20.0%	20.8%		

Solid performance with encouraging margin development

* Excl. Defense

Financial summary

(SEK b.)

	Q206	Q107	Q207	YoY %	Seq %
Income after financial items	8.3	8.3	9.3	12%	12%
Tax rate	31%	29%	30%		
Earnings per share - diluted	0.36	0.36	0.40	11%	11%
Equity ratio (%)	53.9%	56.6%	54.4%		

Operating cash flow analysis

(SEK b.)

	Q206	Q107	Q207
Net income	5.7	5.8	6.5
Adj. income to cash	2.7	0.0	3.0
Dividend from Sony Ericsson	0.0	0.0	2.5
Income to cash	8.4	5.8	12.0
Inventories incl WIP	-0.4	-1.8	-0.5
Customer financing	-1.6	-0.1	0.1
Receivables	-3.3	0.2	-2.3
Payables, prov. & oth work cap	-2.8	-3.0	-3.7
Change in working capital	-8.1	-4.7	-6.4
Prepayment from Sony Ericsson	0.0	3.5	-1.4
Cash flow from operating activities	0.2	4.6	4.2

Cash conversion analysis

(SEK b.)

	2005 ²⁾	2006	1H'07
Income reconciled to cash	35.1	32.5	17.8
Change in working capital	-10.0	-14.0	-9.0
Cash flow from operating activities	25.1	18.5	8.8
Cash conversion first half/second half % ¹⁾	65/76	16/97	
Cash conversion rate ¹⁾	72%	57%	49%

Positive trend - supported by Sony Ericsson

¹⁾ Cash flow from operating activities / income reconciled to cash

²⁾ Excluding pension trust fund

Operating efficiency trends

	Q206	Q107	Q207	Targets
Accounts receivable (SEK b.)	46.3	52.4	55.3	
DSO	95	107	106	<90
Inventories, incl. CWIP (SEK b.)	23.1	24.1	24.6	
Inventory turnover	4.4	4.2	4.5	>5.5
Accounts payable (SEK b.)	16.1	17.4	17.7	
Payable days	55	67	64	>60

Operational excellence remains in focus

ERICSSON 

TAKING YOU FORWARD