

ERICSSON 
TAKING YOU FORWARD

C.M.D.N.Y.

**Capital Markets Day
New York**



Embassy Suites Hotel
102 North End Avenue, NY

May - **10** - **11** 2006



C.M.D.N.Y.

Capital Markets Day New York

May 10, 2006

Carl-Henric Svanberg

President and Chief Executive Officer



Exciting industry momentum

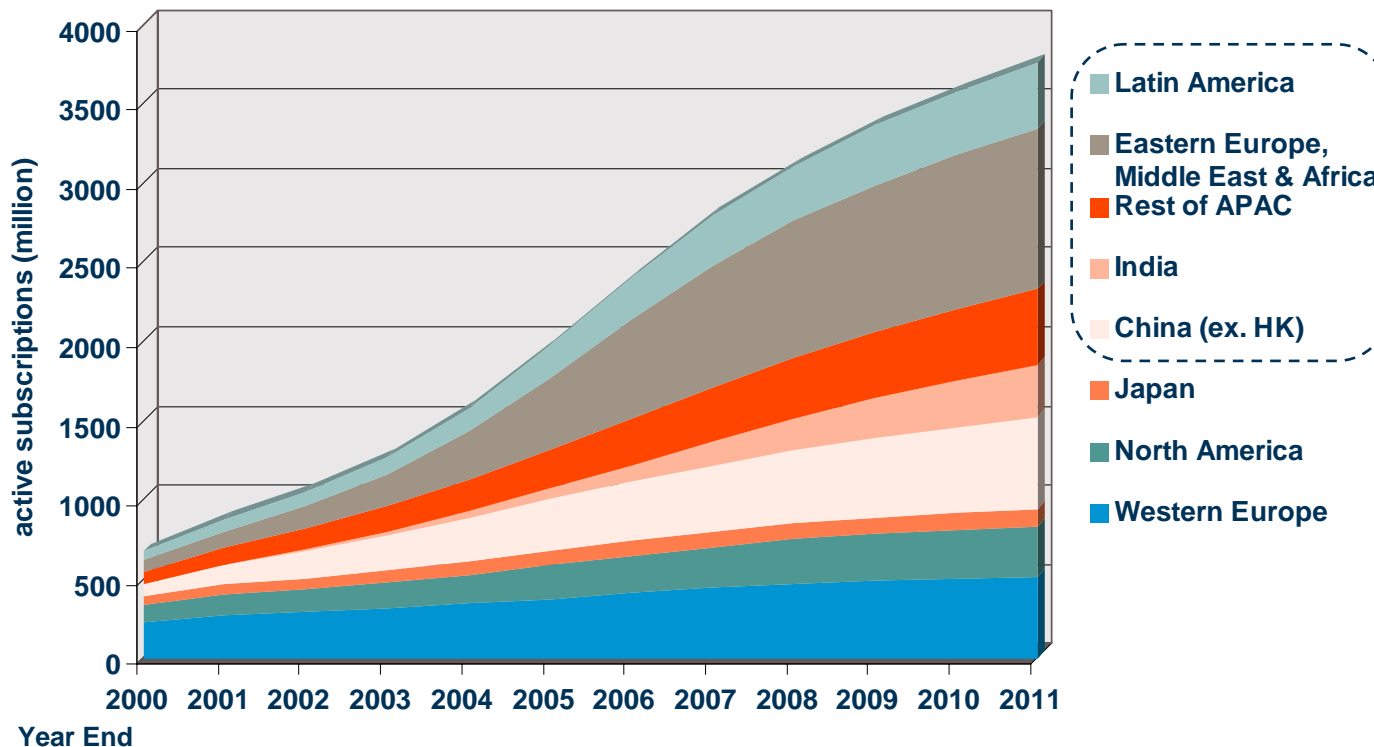
- **More** - Broadband everywhere
 - HSPA creates true mobile broadband
 - Integration with media enabled by broadband and all-IP
- **For more** – Over 3 billion mobile subscribers in 2007
 - Some 85% of future growth from emerging mobile markets
 - More cost-efficient solutions continuously expands the market
- **Consolidation** – “Big are getting bigger”
 - Seeking scale and preparing for convergence and triple play
 - Increased focus on total cost of ownership

Towards an all-communicating world

Mobile subscription development

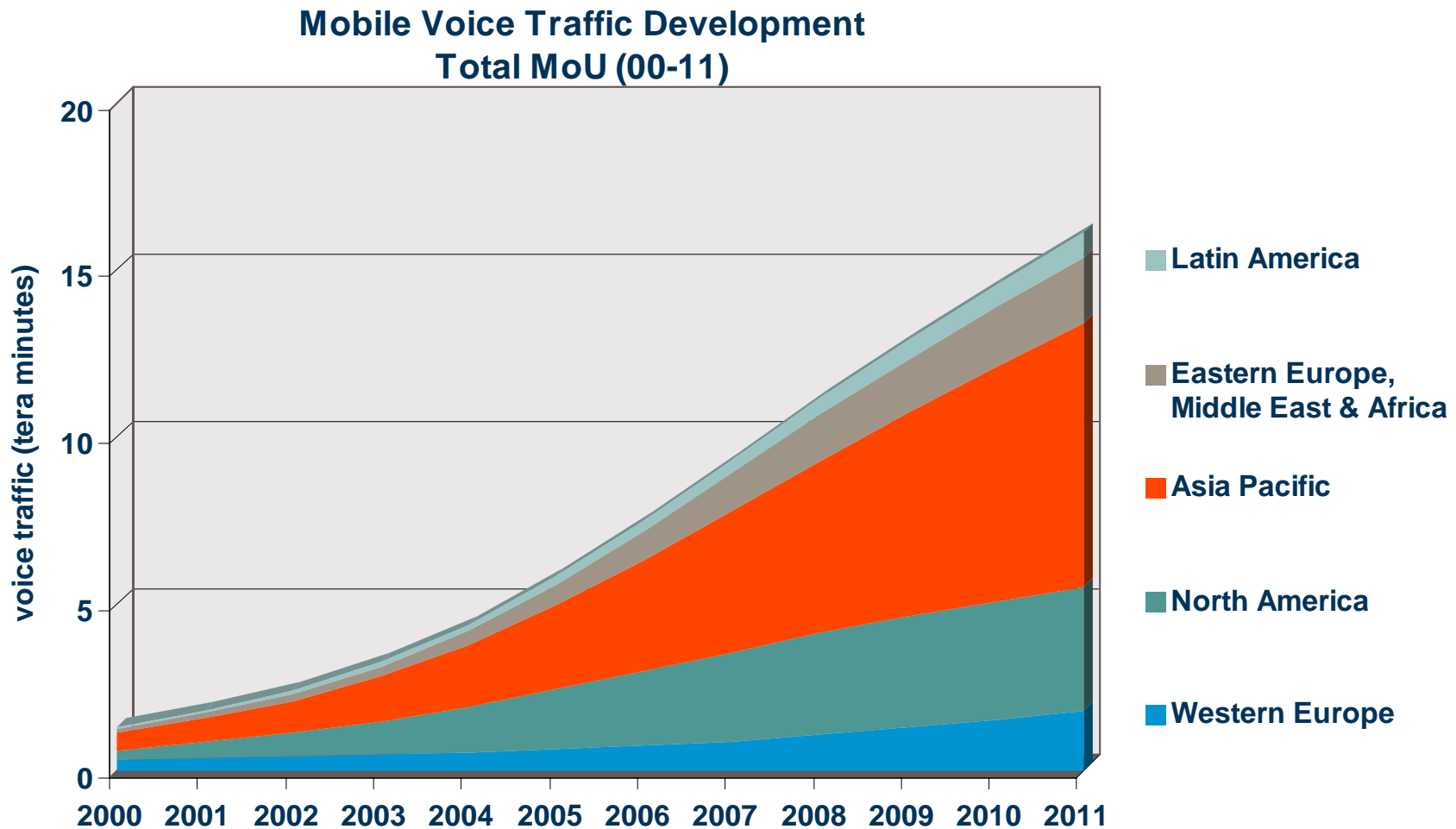
Emerging markets contribute to main part of growth

Global Cellular Active Subscriptions by Region (00-11)



85% of net additions 2005-2011 come from emerging markets.

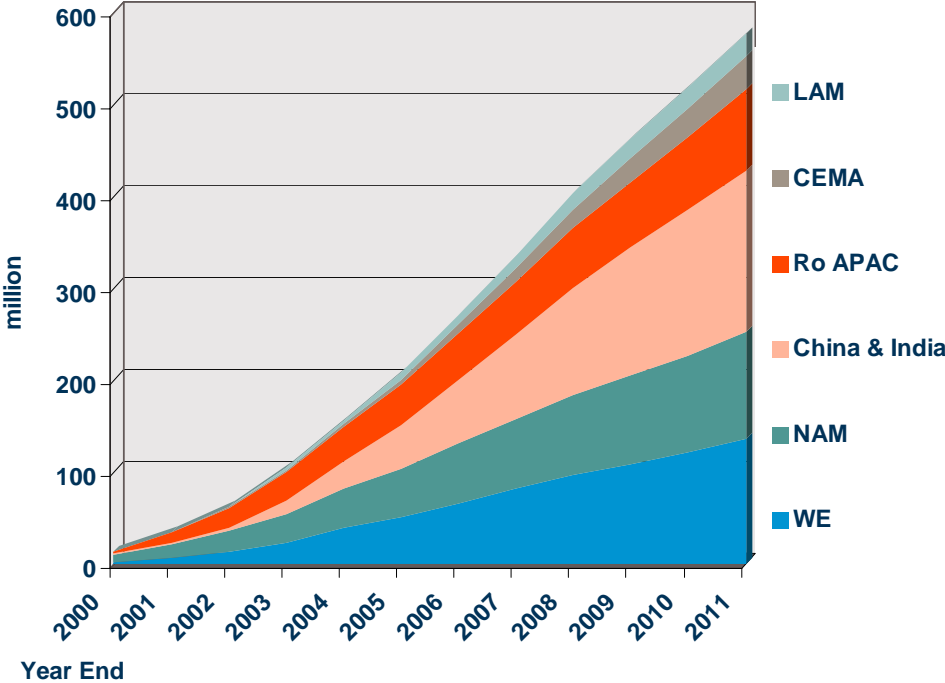
Mobile voice traffic development



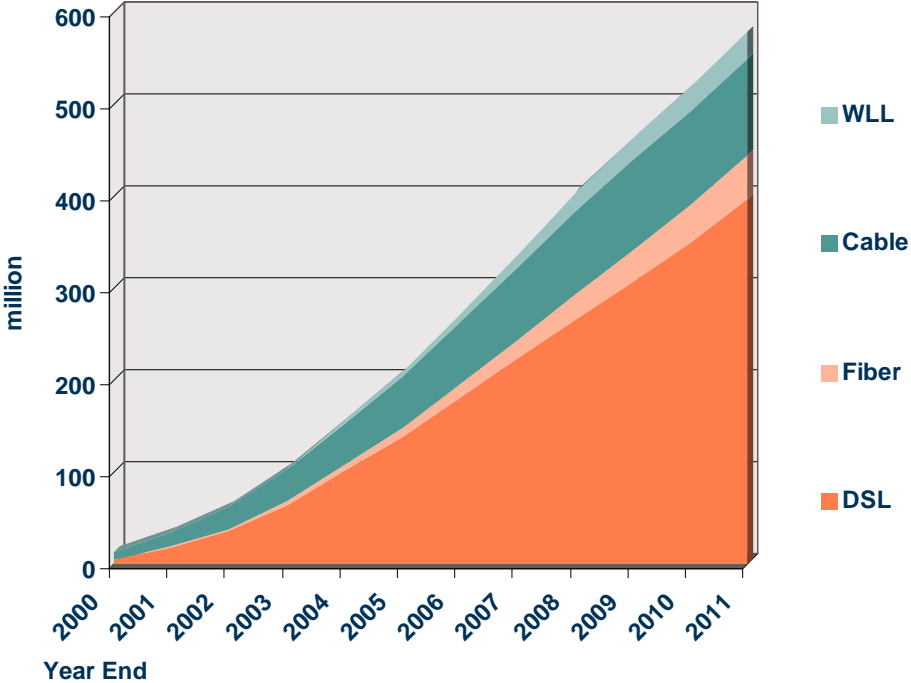
Broadband lines

Fast growth continues for broadband

Broadband Lines by Region (00-11)

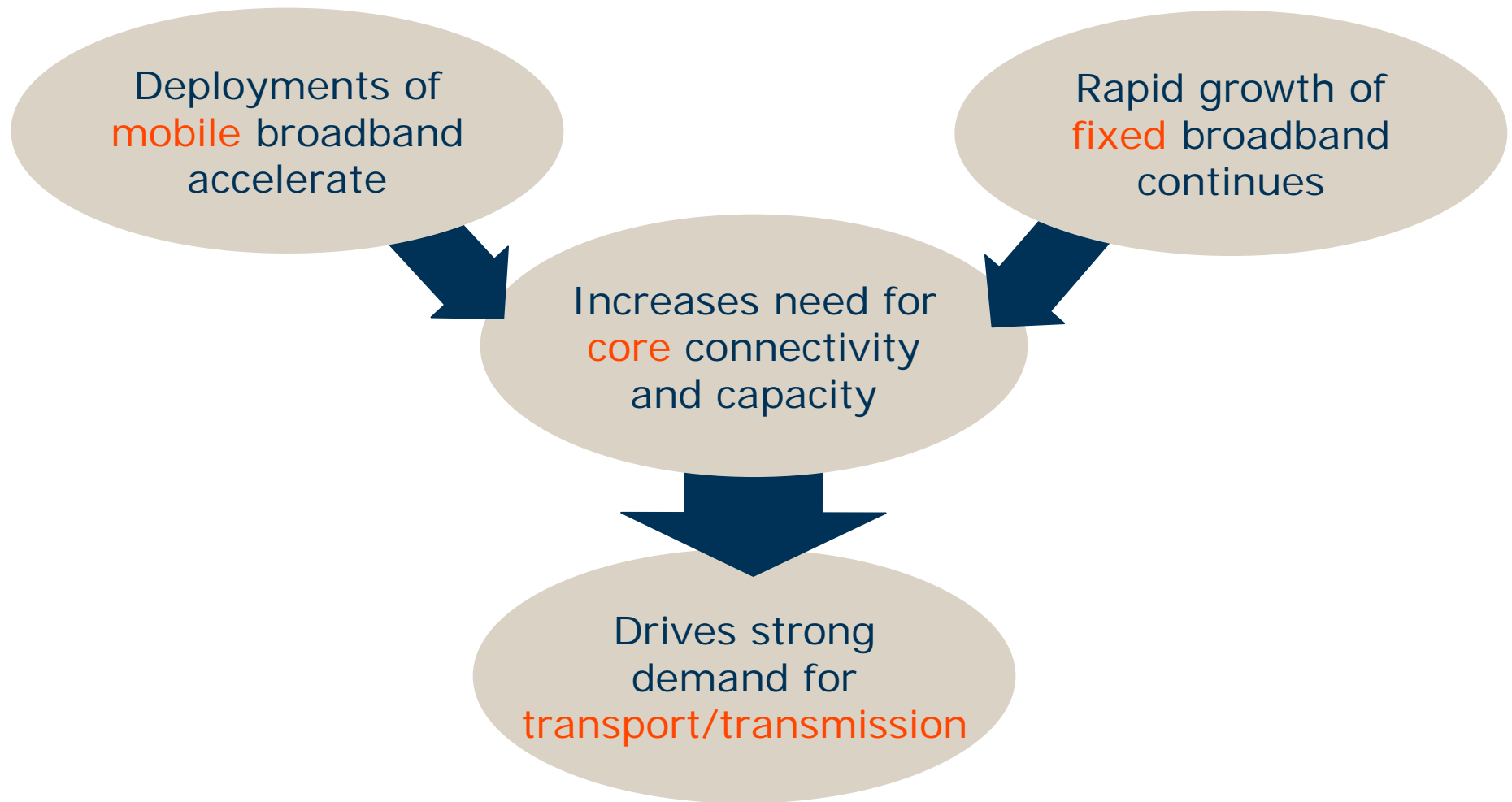


Broadband Lines (00-11)



Broadband

Driving growth in core and transmission



Ericsson's position

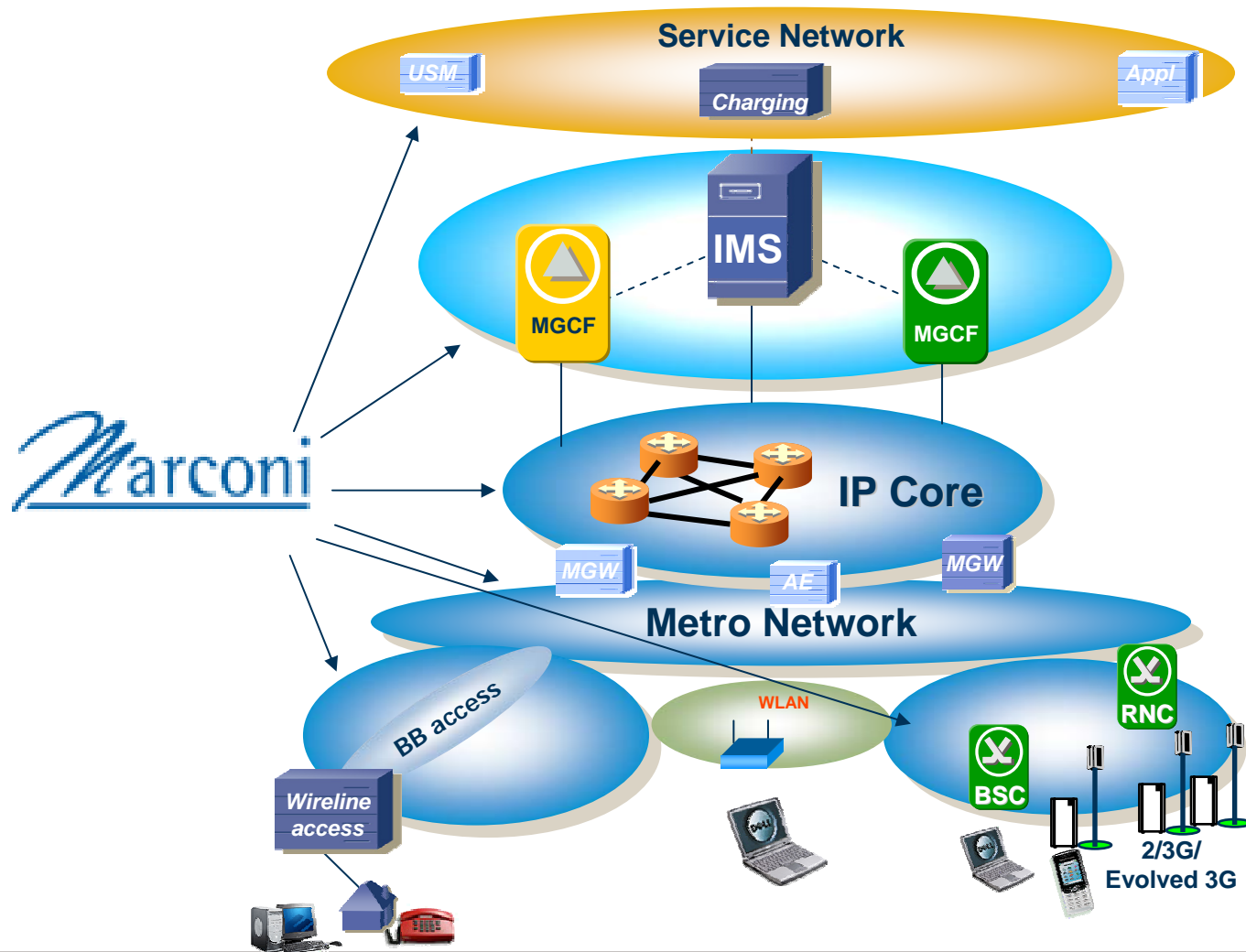
The prime driver in an all-communicating world

- The leader in mobile networks/mobile broadband
 - HSPA over four continents – investments in GSM still strong
- A leader in Next Generation Networks
 - Softswitch and IMS
- Marconi adds considerable strength
 - Creating a leader in transmission and broadband access
- Leader in telecom services
 - 21,000 in 140 countries – managed, support, system integration
- Strong e2e offering - leading mobile terminal technology
 - Sony Ericsson and Ericsson Mobile Platforms

Creating the world's most successful communication companies

Next Generation Networks

Broadband, optical, microwave, softswitch, datacom



Integration of Marconi assets

- Acquisition well received by customers
 - Strategic rationale, products and competence
- Business flow stronger than expected
 - New contracts with TIM, Telefónica, Vodafone, France Telecom
- Restructuring running at full speed
 - 350 employees notified – 1,250 more to be notified Q2 and Q3
 - SEK ~ 2 b. restructuring costs to be taken as incurred
 - SEK ~ 2 b. in annualized cost savings by YE06
 - Supply chain savings primarily by YE07

Enhanced position in transmission and broadband access

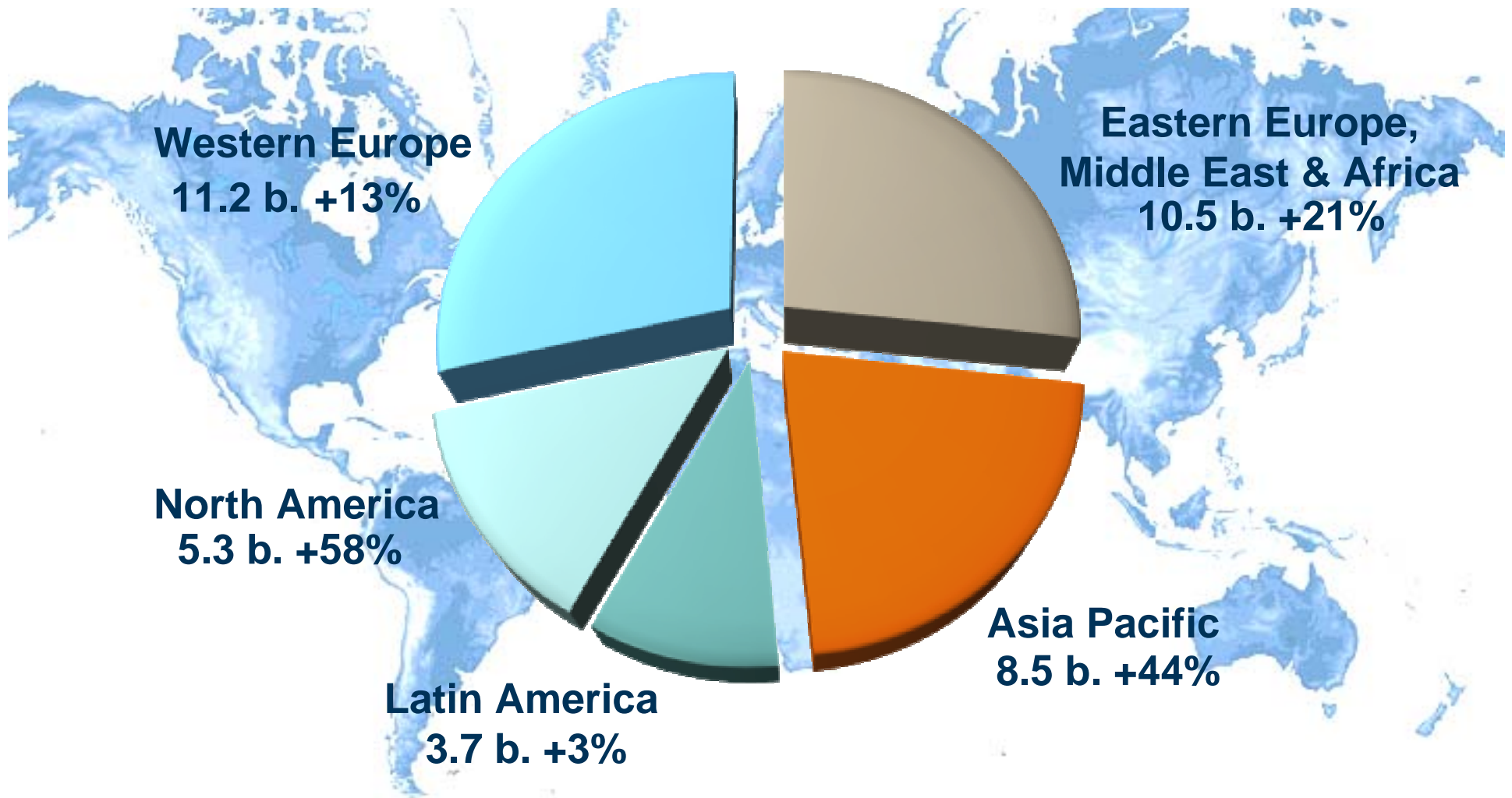
Q1 financial highlights

- **Sales SEK 39.2 (31.5) b.**
 - Up 24% YoY (15% excl. Marconi) - Services up 60%
- **Gross margin 43.3% (48.5%*)**
 - Down 0.9% sequentially - strong service growth and Marconi
- **Operating income SEK 6.6 (6.6) b.**
 - SEK 7.0 (6.6) b. before Marconi amortization of intangibles
 - Operating margin ~20% in Ericsson excluding Marconi

*Q105 margin boosted by high software sales

Regional distribution is a strength

Ericsson sales Q106 (BSEK) and growth (%) YoY



Sony Ericsson Mobile Communications

- The industry's most exciting product portfolio
 - Trendsetter: design, camera, music player, etc.
- Strong market position
 - Premium ASP – €149 vs. €109 for the industry
- Leveraging the assets of the parents
 - Sony's brands and knowledge – Walkman and Cybershot
 - Ericsson's technology and customer base

A truly successful joint venture

Sony Ericsson and EMP

Enables true e2e solutions

- **EMP – A leader in mobile platforms**
 - HSPA available now - all platforms IMS-capable
 - Faster time to market for advanced handsets
 - Broadens the variety of handsets and handset vendors

- **Sony Ericsson - Completes our full e2e offering**
 - Enhanced consumer understanding
 - Ability to drive new market trends: Camera, music, mobile TV
 - Strengthens our strategic relationship with Sony

Two market-leading businesses with strong potential

Market outlook 2006

- Global mobile systems market in USD expected to show moderate growth*
- Addressable market for professional services expected to show good growth*

Well positioned to capture market opportunities

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

Our way forward

Leveraging our leading position

- **Expand footprint with leading technologies**
 - Mobile systems – new networks, new positions
- **Build leadership in converging networks**
 - R&D and bolt on acquisitions
- **Grow in broadband and transmission networks**
 - Marconi paving the way
- **Continue to expand professional services**
 - Business with exciting potential, e.g. managed services

Investing for growth while maintaining best-in-class margins

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