

ERICSSON LM TELEPHONE CO  
Form 6-K  
February 10, 2005

---

# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

---

## **FORM 6-K**

**REPORT OF FOREIGN ISSUER**

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

**February 10, 2005**

---

# **LM ERICSSON TELEPHONE COMPANY**

**(Translation of registrant's name into English)**

**16483 Stockholm, Sweden**

**(Address of principal executive offices)**

---

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F. Form 20-F x Form 40-F "

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes " No "

---

Announcement of LM Ericsson Telephone company, dated February 10, 2005, regarding its Fourth Quarter Report 2004.

Fourth quarter report 2004

February 10, 2005

**Ericsson reports full year profit of SEK 28 billion**

*Net sales SEK 39.4 (36.2) b. in the quarter, full year SEK 132.0 (117.7) b.*

*Net income SEK 6.0 (0.1) b. in the quarter, full year SEK 19.0 (-10.8) b.*

*Earnings per share SEK 0.38 (0.01) in the quarter, full year SEK 1.20 (-0.69)*

**CEO COMMENTS**

We have experienced the strongest growth in mobile users ever. With 300 million new subscribers in 2004, 27% of the world's population now has access to mobile communications, says Carl-Henric Svanberg, President and CEO of Ericsson. This is exciting for a company with a vision of an all-communicating world.

We are proud of our performance in 2004 with strong growth and high margins. This has been a year with a number of strategic business wins in both systems and professional services and we have clearly strengthened our market position further.

2004 was a breakthrough year for WCDMA with rollouts across Europe and parts of Asia Pacific. The total number of subscribers has now passed 16 million. In 2005 deployments will start in North America as well. Through a number of orders in WCDMA/HSDPA operators are confirming their confidence in our technology leadership.

The good growth of GSM and EDGE continues, especially in emerging markets, driven by the basic need for communication. Our introduction of more cost efficient solutions for low penetration areas as well as enhanced data communication capabilities further expands the potential, concludes Carl-Henric Svanberg.

**FINANCIAL HIGHLIGHTS**

**Income statement**

| SEK b. | Fourth quarter |      |        | Third quarter |        | Full year |      |        |
|--------|----------------|------|--------|---------------|--------|-----------|------|--------|
|        | 2004           | 2003 | Change | 2004          | Change | 2004      | 2003 | Change |
|        |                |      |        |               |        |           |      |        |

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

|                                       |       |                     |     |       |     |       |                     |     |
|---------------------------------------|-------|---------------------|-----|-------|-----|-------|---------------------|-----|
| Orders booked, net                    | 37.9  | 29.5                | 29% | 29.0  | 31% | 133.0 | 113.0               | 18% |
| Net sales                             | 39.4  | 36.2                | 9%  | 31.8  | 24% | 132.0 | 117.7               | 12% |
| Gross margin                          | 45.6% | 41.6% <sup>1)</sup> |     | 47.1% |     | 46.3% | 37.1% <sup>1)</sup> |     |
| Operating income                      | 9.5   | 6.3 <sup>2)</sup>   |     | 7.2   |     | 28.9  | 5.2 <sup>2)</sup>   |     |
| Operating margin                      | 24.0% | 17.5% <sup>2)</sup> |     | 22.7% |     | 21.9% | 4.4% <sup>2)</sup>  |     |
| Income after financial items          | 9.3   | 5.9 <sup>2)</sup>   |     | 7.0   |     | 28.4  | 4.4 <sup>2)</sup>   |     |
| Net income                            | 6.0   | 0.1                 |     | 4.8   |     | 19.0  | -10.8               |     |
| Earnings per share                    | 0.38  | 0.01                |     | 0.30  |     | 1.20  | -0.69               |     |
| Cash flow before financing activities | 5.3   | 4.6                 |     | 5.2   |     | 17.7  | 19.5                |     |

<sup>1)</sup> Adjusted for restructuring charges in the fourth quarter 2003 SEK 0.8 b. and for the full year 2003 by SEK 4.8 b.

<sup>2)</sup> Adjusted for restructuring charges in the fourth quarter 2003, net, SEK 4.0 b. and for the full year 2003 by SEK 16.5 b.

Sales were up 24% sequentially due to seasonally strong demand and were up 12% for the full year with especially strong growth in Mobile Networks. All markets were up, except for North America, which was down both sequentially, and year-over-year due to the temporary impact of mergers between operators.

Currency exchange effects negatively impacted sales in the quarter by 5% and by 6% for the full year, compared to rates one year ago. In constant currencies sales for the full year grew by 18%.

Gross margin was slightly down sequentially, mainly due to a large number of new network rollouts in the quarter. The operating margin improved as a result of further decreasing operating expenses as a percentage of sales and an increase in other operating revenues, mainly attributable to licensing.

Net effects of currency exchange differences on operating income compared to the rates one year ago were SEK -1.2 b. in the quarter and SEK -3.7 b. for the full year.

Financial net has been negatively affected by SEK -0.2 b. due to costs associated with the repurchase of bonds as well as cancellation of a revolving credit facility.

### Balance sheet, cash flow and other performance indicators

| SEK b.                                      | Full year |       | Nine months |       |
|---|-----------|-------|-------------|-------|
|   | 2004      | 2003  | Change      | 2004  |
| Net cash                                    | 42.9      | 27.0  | 59%         | 36.8  |
| Interest bearing provisions and liabilities | 33.6      | 46.2  |             | 35.8  |
| Days sales outstanding                      | 75        | 79    | -4          | 88    |
| Inventory turnover                          | 5.7       | 6.1   |             | 4.8   |
| Net customer financing                      | 3.6       | 4.0   |             | 3.4   |
| Equity ratio                                | 42.8%     | 34.4% |             | 40.9% |
| Cash flow before financing activities       | 17.7      | 19.5  | -1.8        | 12.4  |

The financial position remained strong for the year, net cash increased with SEK 15.9 b. to SEK 42.9 (27.0) b.

Inventories were down in the quarter with SEK 2.5 b. to SEK 14.0 (11.0) b., mainly due to work in process in the field being completed. For the full year inventories increased by SEK 3.0 b., due to higher business activities.

Deferred tax assets were utilized by SEK 5.3 b. for the full year from SEK 27.1 b. to SEK 21.8 at year-end.

Debt has been reduced by SEK -1.8 b. in the quarter and for the full year by SEK 13.6 b. through repayment of maturing debt as well as repurchase of bonds.

Cash outlays with regards to restructuring amounted to SEK 5.7 b. for the full year. Of this SEK 1.0 b. was paid in the fourth quarter.

Ericsson has established a Swedish pension trust for the purpose of funding the pension liabilities under the Swedish ITP plan. Cash or cash equivalents of SEK 8.3 b. was transferred into the trust in January 2005.

**MARKET AND BUSINESS HIGHLIGHTS**

Long-term growth drivers of the industry remain solid. Voice and data traffic increases steadily as a result of new subscribers, new and improved services and lower tariffs. Consumer behavior drives business and technology development. Offering consumers ease of use and quality of service while reducing operating expenses is key for operators.

Our GSM success continued in 2004, with upgrades in all markets and rollouts especially in emerging markets. GSM is paving the way for deployment of WCDMA. Ericsson's leading WCDMA position was expanded further during the year, and during the fourth quarter we gained key contracts in the U.S., Europe and Africa.

In close cooperation with operators we continue to add value through our services offering. Sales growth in Professional services has accelerated during the year, especially in systems integration, managed services and hosting. During the year we have gained a number of strategic contracts throughout the world.

The strong growth in fixed broadband continues and high-speed broadband access has become the generally expected level of service in many markets. We have won commercial agreements for delivery of 2 million next generation IP broadband access lines, representing a 15 to 20% share of this fast growing market.

### **Regional overview**

Western Europe sales grew 12% for the full year. This was driven by accelerating deployment and consumer uptake of 3G services as well as additional capacity enhancements in GSM. Operators increasing tariff competition is stimulating traffic growth. Italy and Spain in particular showed strong sequential development in the fourth quarter.

Central Europe, Middle East and Africa sales grew 23% for the full year. The year ended with a strong sequential performance, particularly in Central Europe. GSM continues to be the prevailing standard in the market. However, there is also a growing demand for EDGE and WCDMA.

The Asia Pacific region shows strong development reflecting increased usage and number of subscribers. Sales grew 4% for the full year after a slower start of the year. In the fourth quarter sequential development was especially encouraging in China and India. The demand for GSM continues as operators invest in coverage and capacity enhancements. In parallel there is a growing demand for advanced mobile services in all markets.

North America showed a temporary slow down in capital expenditure due to operator consolidation, which is reflected in the full year sales decline. As competition accelerates, operators are increasing their focus on quality and coverage as well as the introduction of new services. This paves the way for a positive development going forward.

The activity level in Latin America has been high, with new GSM network rollouts and capacity enhancements, following successful operator consolidation. Argentina and Brazil have contributed strongly to make Latin America our strongest growing region for the year with sales up 46%.

### **Subscriber growth**

During the fourth quarter, eleven new WCDMA networks were commercially launched, bringing the total to 56. We are a supplier to 35 of these networks. The number of WCDMA subscriptions grew from approximately 10 million to more than 16 million during the quarter. The number of CDMA2000 1xEV-DO subscriptions has now reached well over 11 million.

Net subscriber additions were 300 million in 2004, the largest growth to date. Worldwide subscription penetration is 27% with a total of 1.7 billion subscriptions, of which almost 1.3 billion are in GSM. The global number of subscriptions could pass 2 billion already during 2006. Approximately 50 million new fixed broadband subscriptions were added during the year, of which 8 million were next generation IP broadband.

**OUTLOOK**

*All estimates are measured in USD and refer to market growth compared to previous year.*

The traffic growth in the world's mobile networks is expected to continue as a result of new services as well as new subscribers. 2004 was a strong growth year in terms of mobile infrastructure investments following a pent up demand. For 2005 we maintain our view that the global mobile systems market will show slight growth compared to 2004.

We maintain our view that the addressable market for professional services is expected to continue to show good growth.

With our technology leadership and global presence we are well positioned to take advantage of these market opportunities.



## **BUSINESS AND TECHNOLOGY MILESTONES 2004**

### **GSM/GPRS**

New customers and expansion contracts in all regions with particular growth in emerging markets such as Bangladesh, Brazil, China, India and Russia. Largest GSM contract announced to date with Guangdong Mobile in China. Contract wins for Ericsson Expander in all regions.

### **3G**

The WCDMA footprint expanded in new regions such as Africa, Central Europe, and the U.S. New customers and expansion WCDMA contracts announced with Cingular, mobilkom Austria, MTN, ONE, Polkomtel, TeliaSonera in Denmark, and 3 Scandinavia.

Strategic breakthrough contract with Cingular for WCDMA/HSDPA in the U.S. Ongoing customer trials for HSDPA in a number of countries.

Announced EDGE contracts include AIS, Batelco, DiGi, Dishnet, EMT, Faroese Telecom, Jiangsu Mobile, MobilCom, Swisscom Mobile, T-Mobile Hungary, Telenor Mobil, and Ålands Mobiltelefon. New and expansion contracts for CDMA2000 1x in China and India.

Signed 25 IMS system contracts, of which 21 in 2004, for commercial launch or trial. The contracts are distributed over the Africa, Americas, Asia and Europe and include GSM/GPRS, WCDMA, CDMA2000 and wireline implementations.

Ericsson's mobile softswitch in 18 commercially deployed networks of which nine were deployed during 2004.

### **Services**

Announced managed services contracts include Auna, Bharti, Brasil Telecom, Chariton Valley Wireless Services, Indigo Wireless, Orange Switzerland, PSC Wireless and Warid Telecom. Subsequent to the close of the quarter a managed services deal was also announced with H3G in Italy, our largest managed services contract to date.

Announced contracts for hosting services include Tele2, Sun Cellular, Maxis, TeliaSonera, Telefónica Móvil, PanTel, Monortel, Invitel, Hungarotel, Emitel, Midwest Wireless, Rural Cellular Corporation, BT Mobile World and ALLTEL. Successful launch of Ericsson's mobile music service M-USE.

### **Other business highlights**

## Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

Ericsson Mobile Platforms (EMP) has strengthened its position and enjoy a 30% global market share in WCDMA handsets. During the year EMP announced contracts with Amoi, Bellwave, NEC and Sharp. Earlier announced contracts include Microcell, HTC, LG Electronics, Lite-On, Sony Ericsson and TCL Mobile.

Competitive next generation IP broadband access solution gaining momentum with contracts announced in Brazil, Finland, FYROM, India, Indonesia and Sweden.

## SEGMENT RESULTS

## Systems

| SEK b.                  | Fourth quarter |                          |            | Third quarter |            | Full year    |                         |            |
|-------------------------|----------------|--------------------------|------------|---------------|------------|--------------|-------------------------|------------|
|                         | 2004           | 2003                     | Change     | 2004          | Change     | 2004         | 2003                    | Change     |
| <b>Orders booked</b>    | <b>35.3</b>    | <b>27.6</b>              | <b>28%</b> | <b>27.4</b>   | <b>29%</b> | <b>125.0</b> | <b>105.4</b>            | <b>19%</b> |
| Mobile Networks         | 27.6           | 20.5                     | 35%        | 22.8          | 21%        | 100.8        | 79.5                    | 27%        |
| Fixed Networks          | 1.6            | 1.1                      | 40%        | 0.7           | 136%       | 4.5          | 6.3                     | -29%       |
| Professional Services   | 6.1            | 6.0                      | 2%         | 3.9           | 57%        | 19.7         | 19.6                    | 0%         |
| <b>Net sales</b>        | <b>36.8</b>    | <b>33.6</b>              | <b>10%</b> | <b>29.6</b>   | <b>24%</b> | <b>122.9</b> | <b>108.7</b>            | <b>13%</b> |
| Mobile Networks         | 29.1           | 25.7                     | 14%        | 23.8          | 22%        | 98.2         | 82.1                    | 20%        |
| Fixed Networks          | 1.5            | 2.2                      | -32%       | 1.0           | 48%        | 4.6          | 8.0                     | -43%       |
| Professional Services   | 6.2            | 5.7                      | 8%         | 4.8           | 28%        | 20.1         | 18.6                    | 8%         |
| Operating income        | 8.3            | 5.8 <sub>1)</sub>        |            | 6.5           |            | 25.3         | 6.6 <sub>1)</sub>       |            |
| <b>Operating margin</b> | <b>23%</b>     | <b>17%</b> <sup>1)</sup> |            | <b>22%</b>    |            | <b>21%</b>   | <b>6%</b> <sup>1)</sup> |            |

<sup>1)</sup> Adjusted for restructuring charges in the fourth quarter 2003, net, SEK 3.6 b. and for the full year 2003 by SEK 12.7 b.

The growth in the GSM/WCDMA track is approximately 19% for the full year. WCDMA equipment and associated network rollout services share of total Mobile Networks sales amounted to 15% and of radio access sales 40% were WCDMA/EDGE related.

Sales within Professional Services has developed well during the year and grew 14% for the full year in local currencies and now represents approximately 16% of total Systems sales.

## Other Operations

| SEK b.           | Fourth quarter |                   |        | Third quarter |        | Full year |                    |        |
|------------------|----------------|-------------------|--------|---------------|--------|-----------|--------------------|--------|
|                  | 2004           | 2003              | Change | 2004          | Change | 2004      | 2003               | Change |
| Orders booked    | 2.8            | 2.3               | 22%    | 2.5           | 16%    | 10.4      | 9.2                | 13%    |
| Net sales        | 3.3            | 3.2               | 4%     | 2.8           | 17%    | 11.4      | 10.6               | 8%     |
| Operating income | 0.6            | 0.3 <sub>1)</sub> |        | 0.3           |        | 1.5       | -0.4 <sub>1)</sub> |        |
| Operating margin | 18%            | 8% <sup>1)</sup>  |        | 9%            |        | 13%       | -4% <sup>1)</sup>  |        |

<sup>1)</sup> Adjusted for restructuring charges in the fourth quarter 2003 SEK 0.8 b. and for the full year 2003 by SEK 3.8 b.

Within Other operations operating margin benefited from the reversal of provisions of SEK 0.1 b., the underlying operating margin was 15% (8%) during the quarter.

## Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

Development in Other operations was stable during the year and Ericsson Mobile Platforms showed positive operating income for the full year.

### **SONY ERICSSON MOBILE COMMUNICATIONS**

*For information on transactions with Sony Ericsson Mobile Communications please see Financial statements and additional statements.*

Sony Ericsson Mobile Communications (Sony Ericsson) reported sustained growth in sales and profits. Sales increased 40% for the full year. Ericsson's share in Sony Ericsson's income before tax was SEK 2.1 b. for the full year, compared to SEK -0.6 b. in 2003.

I am impressed by Sony Ericsson's performance in 2004. They have established profitability and a product portfolio geared for further growth, says Carl-Henric Svanberg, President and CEO of Ericsson. Sony Ericsson is a strategic part of our end-to-end solutions based on in-depth consumer understanding.

### **PARENT COMPANY INFORMATION**

Net sales for the year amounted to SEK 2.6 (1.6) b. and income after financial items was SEK 7.4 (3.2) b. Restructuring costs are excluded in income after financial items for 2003.

Major changes in the Parent Company's financial position for the year include decreased investments in subsidiaries of SEK 10.1 b. and increased short- and long-term receivables from subsidiaries of SEK 7.3 b. Current and long-term liabilities to subsidiaries increased by 14.9 b. Notes and bond loans, including short-term portion, have decreased by SEK 11.7 b. At year-end, cash and short-term cash investments amounted to SEK 71.7 (68.4) b.

In accordance with the conditions of the Stock Purchase Plans and Option Plans for Ericsson employees, 2,147,417 shares from treasury stock were sold or distributed to employees during the fourth quarter. The holding of treasury stock at December 31, 2004, was 299,715,117 Class B shares.

#### **EFFECTS OF IFRS 2005 ON FINANCIAL REPORTING**

As from 2005 Ericsson will issue consolidated financial statements in accordance with IFRS. A further comment on comparisons and information about effects on consolidated financial statement can be found under Financial statements and additional information, Ericsson IFRS reporting, at the end of the full report.

If IFRS had been applied to 2004 reporting, net income would have been adjusted negatively by SEK -1.5 b. This is mainly a net effect of increased amortization of capitalized development costs (since they are higher under IFRS) by SEK -2.7 b., no amortization of goodwill by SEK 0.5 b. and deferred taxes by SEK 0.7 b. The annual amortizations of capitalized development costs under IFRS compared to Swedish GAAP are estimated to SEK -1.1 b. for year 2005, 2006 and 2007 respectively.

During the first quarter 2005 Ericsson will publish restated tables according to IFRS on [www.ericsson.com/investors](http://www.ericsson.com/investors). Time for publication will be communicated separately.

#### **DIVIDEND PROPOSAL**

The Board of Directors will propose to the Annual General Meeting a dividend of SEK 0.25 per share and Monday, April 11, 2005 as record day for payment of dividend.

#### **ANNUAL REPORT**

The annual report will be made available to shareholders at the Ericsson headquarters, Torshamnsgatan 23, Stockholm, two weeks prior to the Annual General Meeting 2005.

#### **ANNUAL GENERAL MEETING OF SHAREHOLDERS**

## Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

The Annual General Meeting of shareholders will be held on April 6, 2005, 15.00 (CET) in Stockholm Globe Arena.

### **OTHER INFORMATION**

Following industry practice, order intake will no longer be reported as of the first quarter 2005.

In accordance with the decision by the extraordinary general meeting on August 31, 2004, the process of changing the difference in voting rights between A and B shares in Ericsson has now been completed as announced on December 22, 2004. Following the change in voting rights each A share confers to one vote and each B share confers one tenth of a vote. The A shares are now representing 46.9% and the B shares 53.1% of the voting rights. The total number of shares in Ericsson is now 1,308,779,918 A shares and 14,823,478,760 B shares.

Stockholm, February 10, 2005

Carl-Henric Svanberg

President and CEO

Date for next report: April 22, 2005

## AUDITORS REPORT

We have reviewed the report for the twelve-month period ended December 31, 2004, for Telefonaktiebolaget LM Ericsson (publ.). We conducted our review in accordance with the recommendation issued by FAR. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements for interim reports in the Annual Accounts Act.

Stockholm, February 10, 2005

Bo Hjalmarsson  
Authorized Public Accountant  
PricewaterhouseCoopers AB

Peter Clemetson  
Authorized Public Accountant  
PricewaterhouseCoopers AB

Thomas Thiel  
Authorized Public Accountant

## EDITOR S NOTE

To read the complete report with tables please go to: [http://www.ericsson.com/investors/financial\\_reports/2004/12month04-en.pdf](http://www.ericsson.com/investors/financial_reports/2004/12month04-en.pdf)

Ericsson invites the media, investors and analysts to a press conference at the Ericsson headquarters, Torshamnsgatan 23, Stockholm, at 09.00 (CET), February 10.

A analyst and media conference call will begin at 14.00 (CET).

Live audio webcast of the press conference and conference call as well as supporting slides will be available at [www.ericsson.com/press](http://www.ericsson.com/press) and [www.ericsson.com/investors](http://www.ericsson.com/investors)

## FOR FURTHER INFORMATION PLEASE CONTACT

Henry Sténson, Senior Vice President, Communications

Phone: +46 8 719 4044; E-mail: [investor\\_relations@ericsson.com](mailto:investor_relations@ericsson.com) or [press\\_relations@ericsson.com](mailto:press_relations@ericsson.com)

**Investors**

Gary Pinkham, Vice President, Investor Relations

Phone: +46 8 719 0000; E-mail: [investor.relations@ericsson.com](mailto:investor.relations@ericsson.com)

Lotta Lundin, Investor Relations

Phone: +46 8 719 6553; E-mail: [investor.relations@ericsson.com](mailto:investor.relations@ericsson.com)

Glenn Sapadin, Investor Relations, North America

Phone: +1 212 843 8435; E-mail: [investor.relations@ericsson.com](mailto:investor.relations@ericsson.com)

**Media**

Pia Gideon, Vice President, Market and External Communications

Phone: +46 8 719 2864, +46 70 519 8903; E-mail: [press.relations@ericsson.com](mailto:press.relations@ericsson.com)

Åse Lindskog, Director, Head of Media Relations

Phone: +46 8 719 9725, +46 730 244 872; E-mail: [press.relations@ericsson.com](mailto:press.relations@ericsson.com)

Ola Rembe, Director, Media Relations

Phone: +46 8 719 9727, +46 730 244 873; E-mail: [press.relations@ericsson.com](mailto:press.relations@ericsson.com)

**Telefonaktiebolaget LM Ericsson (publ)**

Org. number: 556016-0680

Torshamnsgatan 23

SE-164 83 Stockholm

Phone: +46 8 719 00 00

[www.ericsson.com](http://www.ericsson.com)





Safe Harbor Statement of Ericsson under the Private Securities Litigation Reform Act of 1995;

All statements made or incorporated by reference in this release, other than statements or characterizations of historical facts, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Forward-looking statements can often be identified by words such as anticipates, expects, intends, plans, predicts, believes, seeks, estimates, may, will, should, would, potential, continuing, or variations of these words, and include, among others, statements regarding: (i) strategies, outlook and growth prospects; (ii) positioning to deliver future plans and to realize potential for future growth; (iii) liquidity and capital resources and expenditure, and our credit ratings; (iv) growth in demand for our products and services; (v) our joint venture activities; (vi) economic outlook and industry trends; (vii) developments of our markets; (viii) the impact of regulatory initiatives; (ix) research and development expenditures; (x) the strength of our competitors; (xi) future cost savings; and (xii) plans to launch new products and services.

In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These forward-looking statements speak only as of the date hereof and are based upon the information available to us at this time. Such information is subject to change, and we will not necessarily inform you of such changes. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors. Important factors that may cause such a difference for Ericsson include, but are not limited to: (i) material adverse changes in the markets in which we operate or in global economic conditions; (ii) increased product and price competition; (iii) further reductions in capital expenditure by network operators; (iv) the cost of technological innovation and increased expenditure to improve quality of service; (v) significant changes in market share for our principal products and services; (vi) foreign exchange rate fluctuations; and (vii) the successful implementation of our business and operational initiatives.

## FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

|  | <u>Page</u>     |
|--|-----------------|
| <b>Financial statements</b>  |                 |
| <u>Consolidated income statement</u>                                 | 9               |
| <u>Consolidated balance sheet</u>                                    | 10              |
| <u>Consolidated statement of cash flows</u>                          | 11              |
| <u>Changes in stockholders' equity</u>                               | 12              |
| <u>Consolidated income statement - isolated quarters</u>             | 13              |
|  | <br><u>Page</u> |
| <b>Additional information</b>  |                 |
| <u>Accounting policies and reporting</u>                             | 14              |
| <u>Orders booked by segment by quarter</u>                           | 15              |
| <u>Net sales by segment by quarter</u>                               | 16              |
| <u>Operating income and operating margin</u>                         | 17              |
| <u>Number of employees by segment by quarter</u>                     | 17              |
| <u>Orders booked by market area by quarter</u>                       | 18              |
| <u>Net sales by market area by quarter</u>                           | 19              |
| <u>External orders booked by market area by segment</u>              | 20              |
| <u>External net sales by market area by segment</u>                  | 20              |
| <u>Top ten markets in orders and sales</u>                           | 21              |
| <u>Customer financing risk exposure</u>                              | 21              |
| <u>Trend of net sales and operating expenses - isolated quarters</u> | 21              |
| <u>Transactions with Sony Ericsson Mobile Communications</u>         | 21              |

Other information

22

Ericsson IFRS reporting

23

## ERICSSON

## CONSOLIDATED INCOME STATEMENT

| SEK million   | Oct - Dec      |                |             | Jan - Dec      |                |             |
|---|----------------|----------------|-------------|----------------|----------------|-------------|
|   | 2004           | 2003           | Change      | 2004           | 2003           | Change      |
| Net sales   | 39,430         | 36,227         | 9%          | 131,972        | 117,738        | 12%         |
| Cost of sales   | -21,451        | -21,944        | -2%         | -70,864        | -78,901        | -10%        |
| <b>Gross margin</b>                                   | <b>17,979</b>  | <b>14,283</b>  |             | <b>61,108</b>  | <b>38,837</b>  |             |
| Research and development and other technical expenses | -6,187         | -7,309         | -15%        | -20,861        | -27,136        | -23%        |
| Selling expenses                                      | -2,841         | -4,227         | -33%        | -9,693         | -15,115        | -36%        |
| Administrative expenses                               | -1,236         | -1,693         | -27%        | -6,551         | -8,762         | -25%        |
| <b>Operating expenses</b>                             | <b>-10,264</b> | <b>-13,229</b> | <b>-22%</b> | <b>-37,105</b> | <b>-51,013</b> | <b>-27%</b> |
| Other operating revenues and costs                    | 1,150          | 1,001          |             | 2,617          | 1,541          |             |
| Share in earnings of JV and associated companies      | 609            | 256            |             | 2,318          | -604           |             |
| <b>Operating income</b>                               | <b>9,474</b>   | <b>2,311</b>   |             | <b>28,938</b>  | <b>-11,239</b> |             |
| Financial income                                      | 656            | 1,240          | -47%        | 3,541          | 3,995          | -11%        |
| Financial expenses                                    | -876           | -1,721         | -49%        | -4,081         | -4,859         | -16%        |
| <b>Income after financial items</b>                   | <b>9,254</b>   | <b>1,830</b>   |             | <b>28,398</b>  | <b>-12,103</b> |             |
| Taxes   | -3,166         | -1,607         |             | -9,077         | 1,460          |             |
| Minority interest                                     | -111           | -81            |             | -297           | -201           |             |
| <b>Net income</b>                                     | <b>5,977</b>   | <b>142</b>     |             | <b>19,024</b>  | <b>-10,844</b> |             |
| <b>Other information</b>                              |                |                |             |                |                |             |
| Average number of shares, basic (million)             | 15,832         | 15,825         |             | 15,829         | 15,823         |             |
| Earnings per share, basic (SEK)                       | 0.38           | 0.01           |             | 1.20           | -0.69          |             |
| Earnings per share, diluted (SEK)                     | 0.38           | 0.01           |             | 1.20           | -0.69          |             |

**NOTE 1**

|  |  |        |  |  |         |  |
|--|--|--------|--|--|---------|--|
| Restructuring costs, net                         |  | -4,022 |  |  | -16,463 |  |
| Total  |  | -4,022 |  |  | -16,463 |  |
| <i>-of which in</i>                              |  |        |  |  |         |  |
| Cost of sales                                    |  | -770   |  |  | -4,790  |  |
| Operating expenses                               |  | -3,145 |  |  | -10,976 |  |
| Other operating revenues and costs               |  | -20    |  |  | -345    |  |
| Share in earnings of JV and associated companies |  | -87    |  |  | -352    |  |

**NOTE 2****Key measurements, excluding restructuring costs**

|  |         |         |  |         |         |  |
|--|---------|---------|--|---------|---------|--|
| Net sales                                    | 39,430  | 36,227  |  | 131,972 | 117,738 |  |
| Gross margin                                 | 17,979  | 15,053  |  | 61,108  | 43,627  |  |
| - as percentage of net sales                 | 45.6%   | 41.6%   |  | 46.3%   | 37.1%   |  |
| Operating expenses                           | -10,264 | -10,084 |  | -37,105 | -40,037 |  |
| - as percentage of net sales                 | 26.0%   | 27.8%   |  | 28.1%   | 34.0%   |  |
| Other operating revenues and costs           | 1,150   | 1,021   |  | 2,617   | 1,886   |  |
| Share in earnings of JV and assoc. companies | 609     | 343     |  | 2,318   | -252    |  |

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

|                              |       |       |        |       |
|------------------------------|-------|-------|--------|-------|
| Operating income             | 9,474 | 6,333 | 28,938 | 5,224 |
| Operating margin (%)         | 24.0% | 17.5% | 21.9%  | 4.4%  |
| Income after financial items | 9,254 | 5,852 | 28,398 | 4,360 |

## ERICSSON

## CONSOLIDATED BALANCE SHEET

| SEK million   | Dec 31<br>2004 | Dec 31<br>2003 |
|---|----------------|----------------|
| <b>ASSETS</b>   |                |                |
| <b>Fixed assets</b>   |                |                |
| Intangible assets   |                |                |
| Capitalized development expenses                                | 4,343          | 4,784          |
| Goodwill  | 5,324          | 5,739          |
| Other   | 748            | 687            |
| Tangible assets   | 5,845          | 6,505          |
| <b>Financial assets</b>   |                |                |
| Equity in JV and associated companies                           | 4,150          | 2,970          |
| Other investments   | 543            | 433            |
| Long-term customer financing                                    | 2,150          | 3,027          |
| Deferred tax assets   | 21,815         | 27,130         |
| Other long-term receivables                                     | 1,236          | 1,342          |
|   | <u>46,154</u>  | <u>52,617</u>  |
| <b>Current assets</b>   |                |                |
| Inventories   | 14,003         | 10,965         |
| <b>Receivables</b>  |                |                |
| Accounts receivable - trade                                     | 32,644         | 31,886         |
| Short-term customer financing                                   | 1,446          | 979            |
| Other receivables   | 12,239         | 12,718         |
| Short-term cash investments, cash and bank                      | 76,554         | 73,207         |
|   | <u>136,886</u> | <u>129,755</u> |
| <b>Total assets</b>   | <u>183,040</u> | <u>182,372</u> |
| <b>STOCKHOLDERS EQUITY, PROVISIONS AND LIABILITIES</b>          |                |                |
| <b>Stockholders equity</b>                                      | 77,299         | 60,481         |
| <b>Minority interest in equity of consolidated subsidiaries</b> | 1,057          | 2,299          |
| <b>Provisions</b>   |                |                |
| Pensions  | 10,087         | 8,005          |
| Other provisions  | 25,199         | 28,063         |
|   | <u>35,286</u>  | <u>36,068</u>  |
| <b>Long-term liabilities</b>                                    | 23,693         | 29,772         |
| <b>Current liabilities</b>                                      |                |                |
| Interest-bearing liabilities                                    | 1,719          | 9,509          |
| Accounts payable  | 10,988         | 8,895          |
| Other current liabilities                                       | 32,998         | 35,348         |
|   | <u>45,705</u>  | <u>53,752</u>  |

|  |                |                |
|--|----------------|----------------|
| <b>Total stockholders equity, provisions and liabilities</b> | <u>183,040</u> | <u>182,372</u> |
| Of which interest-bearing provisions and liabilities         | 33,643         | 46,209         |
| Net cash   | 42,911         | 26,998         |
| Assets pledged as collateral                                 | 7,985          | 8,023          |
| Contingent liabilities                                       | 1,014          | 2,691          |

## ERICSSON

## CONSOLIDATED STATEMENT OF CASH FLOWS

| SEK million   | Oct - Dec |        | Jan - Dec |         |
|---|-----------|--------|-----------|---------|
|   | 2004      | 2003   | 2004      | 2003    |
| Net income  | 5,977     | 142    | 19,024    | -10,844 |
| Adjustments to reconcile net income to cash           | 2,916     | 4,160  | 9,005     | 6,387   |
|   | 8,893     | 4,302  | 28,029    | -4,457  |
| <b>Changes in operating net assets</b>                |           |        |           |         |
| Inventories   | 2,051     | 248    | -3,432    | 2,286   |
| Customer financing, short-term and long-term          | -850      | -221   | -65       | 7,999   |
| Accounts receivable                                   | -2,436    | -3,549 | -1,403    | 4,131   |
| Other   | -1,371    | 3,902  | -650      | 12,908  |
| <b>Cash flow from operating activities</b>            | 6,287     | 4,682  | 22,479    | 22,867  |
| Product development                                   | -354      | -628   | -1,146    | -2,359  |
| Other investing activities                            | -598      | 504    | -3,642    | -1,053  |
| <b>Cash flow from investing activities</b>            | -952      | -124   | -4,788    | -3,412  |
| <b>Cash flow before financing activities</b>          | 5,335     | 4,558  | 17,691    | 19,455  |
| Dividends paid  | -140      | 3      | -292      | -206    |
| Other equity transactions                             | 6         | 3      | 15        | 8       |
| Other financing activities                            | -1,225    | -738   | -14,281   | -11,726 |
| <b>Cash flow from financing activities</b>            | -1,359    | -732   | -14,558   | -11,924 |
| Effect of exchange rate changes on cash               | -30       | -171   | 214       | -538    |
| <b>Net change in cash</b>                             | 3,946     | 3,655  | 3,347     | 6,993   |
| <b>Cash and cash equivalents, beginning of period</b> | 72,608    | 69,552 | 73,207    | 66,214  |
| <b>Cash and cash equivalents, end of period</b>       | 76,554    | 73,207 | 76,554    | 73,207  |



**CHANGES IN STOCKHOLDERS EQUITY**

| <u>SEK million</u>  | <u>Jan-Dec<br/>2004</u> | <u>Jan-Dec<br/>2003</u> |
|---|-------------------------|-------------------------|
| <b>Opening balance</b>  | 60,481                  | 73,607                  |
| Effect of changed accounting principle  | -1,275                  |                         |
| <b>Opening balance in accordance with new accounting principle</b>                          | 59,206                  | 73,607                  |
| Stock issue, net  |                         | 158                     |
| Sale of own shares  | 15                      | 8                       |
| Stock Purchase and Option Plans   | 159                     | 151                     |
| Repurchase of own stock   |                         | -158                    |
| Changes in cumulative translation effects due to changes in foreign currency exchange rates | -1,107                  | -2,444                  |
| Adjustment of cost for stock issue 2002   | 2                       | 3                       |
| Net income  | 19,024                  | -10,844                 |
| <b>Closing balance</b>  | <b>77,299</b>           | <b>60,481</b>           |

## ERICSSON

## CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

| SEK million   | 2003    |         |         |         | 2004    |         |         |         |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
|   | Q1      | Q2      | Q3      | Q4      | Q1      | Q2      | Q3      | Q4      |
| Net sales   | 25,859  | 27,613  | 28,039  | 36,227  | 28,111  | 32,595  | 31,836  | 39,430  |
| Cost of sales   | -18,862 | -19,011 | -19,084 | -21,944 | -15,544 | -17,020 | -16,849 | -21,451 |
| <b>Gross margin</b>                                   | 6,997   | 8,602   | 8,955   | 14,283  | 12,567  | 15,575  | 14,987  | 17,979  |
| Research and development and other technical expenses | -6,897  | -6,084  | -6,846  | -7,309  | -4,792  | -4,729  | -5,153  | -6,187  |
| Selling expenses                                      | -3,449  | -4,085  | -3,354  | -4,227  | -2,232  | -2,243  | -2,377  | -2,841  |
| Administrative expenses                               | -1,804  | -1,842  | -3,423  | -1,693  | -1,710  | -2,217  | -1,388  | -1,236  |
| <b>Operating expenses</b>                             | -12,150 | -12,011 | -13,623 | -13,229 | -8,734  | -9,189  | -8,918  | -10,264 |
| Other operating revenues and costs                    | -86     | 195     | 431     | 1,001   | 164     | 811     | 492     | 1,150   |
| Share in earnings of JV and assoc. companies          | -742    | -365    | 247     | 256     | 517     | 538     | 654     | 609     |
| <b>Operating income</b>                               | -5,981  | -3,579  | -3,990  | 2,311   | 4,514   | 7,735   | 7,215   | 9,474   |
| Financial income                                      | 1,164   | 850     | 741     | 1,240   | 932     | 987     | 966     | 656     |
| Financial expenses                                    | -1,218  | -856    | -1,064  | -1,721  | -1,133  | -909    | -1,163  | -876    |
| <b>Income after financial items</b>                   | -6,035  | -3,585  | -4,313  | 1,830   | 4,313   | 7,813   | 7,018   | 9,254   |
| Taxes   | 1,847   | 820     | 400     | -1,607  | -1,243  | -2,450  | -2,218  | -3,166  |
| Minority interest                                     | -124    | 37      | -33     | -81     | -77     | -73     | -36     | -111    |
| <b>Net income</b>                                     | -4,312  | -2,728  | -3,946  | 142     | 2,993   | 5,290   | 4,764   | 5,977   |
| <b>Other information</b>                              |         |         |         |         |         |         |         |         |
| Average number of shares, basic (million)             | 15,820  | 15,822  | 15,823  | 15,825  | 15,749  | 15,829  | 15,830  | 15,832  |
| Earnings per share, basic (SEK)                       | -0.27   | -0.17   | -0.25   | 0.01    | 0.19    | 0.33    | 0.30    | 0.38    |
| Earnings per share, diluted (SEK)                     | -0.27   | -0.17   | -0.25   | 0.01    | 0.19    | 0.33    | 0.30    | 0.38    |
| <b>NOTE 1</b>   |         |         |         |         |         |         |         |         |
| Restructuring costs, net                              | -3,193  | -3,799  | -5,449  | -4,022  |         |         |         |         |
| <b>Total</b>  | -3,193  | -3,799  | -5,449  | -4,022  |         |         |         |         |

*-of which in*

|  |        |        |        |        |  |  |  |  |
|--|--------|--------|--------|--------|--|--|--|--|
| Cost of sales                                    | -1,813 | -1,096 | -1,111 | -770   |  |  |  |  |
| Operating expenses                               | -1,359 | -2,296 | -4,176 | -3,145 |  |  |  |  |
| Other operating revenues and costs               | -21    | -142   | -162   | -20    |  |  |  |  |
| Share in earnings of JV and associated companies |        | -265   |        | -87    |  |  |  |  |

**NOTE 2****Key measurements, excluding restructuring costs**

|           |        |        |        |        |        |        |        |        |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net sales | 25,859 | 27,613 | 28,039 | 36,227 | 28,111 | 32,595 | 31,836 | 39,430 |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

|  |         |        |        |         |        |        |        |         |
|--|---------|--------|--------|---------|--------|--------|--------|---------|
| Gross margin                                 | 8,810   | 9,698  | 10,066 | 15,053  | 12,567 | 15,575 | 14,987 | 17,979  |
| - as percentage of net sales                 | 34.1%   | 35.1%  | 35.9%  | 41.6%   | 44.7%  | 47.8%  | 47.1%  | 45.6%   |
| Operating expenses                           | -10,791 | -9,715 | -9,447 | -10,084 | -8,734 | -9,189 | -8,918 | -10,264 |
| - as percentage of net sales                 | 41.7%   | 35.2%  | 33.7%  | 27.8%   | 31.1%  | 28.2%  | 28.0%  | 26.0%   |
| Other operating revenues and costs           | -65     | 337    | 593    | 1,021   | 164    | 811    | 492    | 1,150   |
| Share in earnings of JV and assoc. companies | -742    | -100   | 247    | 343     | 517    | 538    | 654    | 609     |
|  |         |        |        |         |        |        |        |         |
| Operating income                             | -2,788  | 220    | 1,459  | 6,333   | 4,514  | 7,735  | 7,215  | 9,474   |
| Operating margin (%)                         | -10.8%  | 0.8%   | 5.2%   | 17.5%   | 16.1%  | 23.7%  | 22.7%  | 24.0%   |
| Income after financial items                 | -2,842  | 214    | 1,136  | 5,852   | 4,313  | 7,813  | 7,018  | 9,254   |

## ACCOUNTING POLICIES AND REPORTING

### ACCOUNTING POLICIES

Interim reports are prepared in accordance with RR20 Interim Financial Reporting.

### CHANGED ACCOUNTING POLICIES AND REPORTING IN 2004

RR29 Employee Benefits, which is based on IAS 19 Employee Benefits issued by International Accounting Standards Committee ( IASC ), has been adopted as from January 1, 2004. When applying RR 29, defined benefit plans for pensions and other post-employment benefits are accounted for using consistent principles. Prior to 2004, such plans have been accounted for by using local principles for each country in the consolidated accounts. The effect of this standard is mainly a change in timing of pension costs compared to previous principles, so that pension costs for future salary increases are estimated and recognized during the service period. In accordance with the transition rules, a transition liability was determined as of 1 January 2004. This transition liability exceeded the liability for pensions recognized per December 31, 2003 in accordance with earlier principles and the net effect of the change in accounting principles at adoption has in accordance with RR29 been charged to stockholders' equity. The one-time effect of adopting RR29 was an increase of the pension liability as of January 1, 2004, by SEK 1.8 billion. The effect on equity, net after taxes, was SEK 1.3 billion. RR29 has not had material impact on reported Net Income or Earnings Per Share.

The company has chosen to follow the guidance of the draft interpretation URA43 Accounting for particular social taxes and wealth tax issued by The Swedish Accounting Standards Council.

### REPORTING

### CHANGED DEFINITIONS COMPARED TO PREVIOUS ANNUAL REPORT

#### Items affecting comparability

During 2003 restructuring costs, non-operational capital gains/losses and capitalization of development expenses were reported as items affecting comparability. Due to the immateriality of the non-operational capital gains/losses for 2003 and the fact that the capitalization of development expenses are no longer, per se, affecting comparability, these items are no longer reported as items affecting comparability.

**ORDERS BOOKED BY SEGMENT BY QUARTER**

SEK million

| Isolated quarters                | 2003          |               |               |               | 2004          |               |               |               |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                  | Q1            | Q2            | Q3            | Q4            | Q1            | Q2            | Q3            | Q4            |
| <b>Systems</b>                   | <b>24,996</b> | <b>26,336</b> | <b>26,518</b> | <b>27,592</b> | <b>31,107</b> | <b>31,191</b> | <b>27,369</b> | <b>35,304</b> |
| - Mobile Networks                | 17,475        | 20,020        | 21,508        | 20,455        | 24,944        | 25,457        | 22,800        | 27,590        |
| - Fixed Networks                 | 1,990         | 1,724         | 1,513         | 1,128         | 1,173         | 1,081         | 670           | 1,579         |
| <b>Total Network Equipment</b>   | <b>19,465</b> | <b>21,744</b> | <b>23,021</b> | <b>21,583</b> | <b>26,117</b> | <b>26,538</b> | <b>23,470</b> | <b>29,169</b> |
| - Of which Network Rollout       | 2,542         | 2,000         | 2,025         | 2,153         | 2,705         | 3,226         | 2,581         | 4,615         |
| <b>Professional Services</b>     | <b>5,531</b>  | <b>4,592</b>  | <b>3,497</b>  | <b>6,009</b>  | <b>4,990</b>  | <b>4,653</b>  | <b>3,899</b>  | <b>6,135</b>  |
| <b>Other Operations</b>          | <b>2,587</b>  | <b>2,312</b>  | <b>1,963</b>  | <b>2,330</b>  | <b>2,384</b>  | <b>2,703</b>  | <b>2,454</b>  | <b>2,837</b>  |
| <b>Less: Intersegment Orders</b> | <b>-523</b>   | <b>-300</b>   | <b>-353</b>   | <b>-458</b>   | <b>-477</b>   | <b>-782</b>   | <b>-857</b>   | <b>-274</b>   |
| <b>Total</b>                     | <b>27,060</b> | <b>28,348</b> | <b>28,128</b> | <b>29,464</b> | <b>33,014</b> | <b>33,112</b> | <b>28,966</b> | <b>37,867</b> |

| Sequential change                | 2003        |             |             |            | 2004        |            |             |             |
|----------------------------------|-------------|-------------|-------------|------------|-------------|------------|-------------|-------------|
|                                  | Q1          | Q2          | Q3          | Q4         | Q1          | Q2         | Q3          | Q4          |
| <b>Systems</b>                   | <b>-12%</b> | <b>5%</b>   | <b>1%</b>   | <b>4%</b>  | <b>13%</b>  | <b>0%</b>  | <b>-12%</b> | <b>29%</b>  |
| - Mobile Networks                | -16%        | 15%         | 7%          | -5%        | 22%         | 2%         | -10%        | 21%         |
| - Fixed Networks                 | 4%          | -13%        | -12%        | -25%       | 4%          | -8%        | -38%        | 136%        |
| <b>Total Network Equipment</b>   | <b>-15%</b> | <b>12%</b>  | <b>6%</b>   | <b>-6%</b> | <b>21%</b>  | <b>2%</b>  | <b>-12%</b> | <b>24%</b>  |
| - Of which Network Rollout       | -37%        | -21%        | 1%          | 6%         | 26%         | 19%        | -20%        | 79%         |
| <b>Professional Services</b>     | <b>-3%</b>  | <b>-17%</b> | <b>-24%</b> | <b>72%</b> | <b>-17%</b> | <b>-7%</b> | <b>-16%</b> | <b>57%</b>  |
| <b>Other Operations</b>          | <b>1%</b>   | <b>-11%</b> | <b>-15%</b> | <b>19%</b> | <b>2%</b>   | <b>13%</b> | <b>-9%</b>  | <b>16%</b>  |
| <b>Less: Intersegment Orders</b> | <b>30%</b>  | <b>-43%</b> | <b>18%</b>  | <b>30%</b> | <b>4%</b>   | <b>64%</b> | <b>10%</b>  | <b>-68%</b> |
| <b>Total</b>                     | <b>-12%</b> | <b>5%</b>   | <b>-1%</b>  | <b>5%</b>  | <b>12%</b>  | <b>0%</b>  | <b>-13%</b> | <b>31%</b>  |

| Year over year change            | 2003        |             |             |            | 2004        |             |             |             |
|----------------------------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|
|                                  | Q1          | Q2          | Q3          | Q4         | Q1          | Q2          | Q3          | Q4          |
| <b>Systems</b>                   | <b>-34%</b> | <b>-16%</b> | <b>48%</b>  | <b>-3%</b> | <b>24%</b>  | <b>18%</b>  | <b>3%</b>   | <b>28%</b>  |
| - Mobile Networks                | -40%        | -13%        | 73%         | -2%        | 43%         | 27%         | 6%          | 35%         |
| - Fixed Networks                 | -26%        | -42%        | -14%        | -41%       | -41%        | -37%        | -56%        | 40%         |
| <b>Total Network Equipment</b>   | <b>-39%</b> | <b>-16%</b> | <b>62%</b>  | <b>-5%</b> | <b>34%</b>  | <b>22%</b>  | <b>2%</b>   | <b>35%</b>  |
| - Of which Network Rollout       | -46%        | -49%        | 44%         | -46%       | 6%          | 61%         | 27%         | 114%        |
| <b>Professional Services</b>     | <b>-2%</b>  | <b>-14%</b> | <b>-7%</b>  | <b>5%</b>  | <b>-10%</b> | <b>1%</b>   | <b>11%</b>  | <b>2%</b>   |
| <b>Other Operations</b>          | <b>-47%</b> | <b>-52%</b> | <b>-37%</b> | <b>-9%</b> | <b>-8%</b>  | <b>17%</b>  | <b>25%</b>  | <b>22%</b>  |
| <b>Less: Intersegment Orders</b> | <b>-25%</b> | <b>-61%</b> | <b>-31%</b> | <b>14%</b> | <b>-9%</b>  | <b>161%</b> | <b>143%</b> | <b>-40%</b> |
| <b>Total</b>                     | <b>-35%</b> | <b>-20%</b> | <b>37%</b>  | <b>-4%</b> | <b>22%</b>  | <b>17%</b>  | <b>3%</b>   | <b>29%</b>  |

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

| Year to Date                     | 2003          |               |               |                | 2004          |               |               |                |
|----------------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|
|                                  | 0303          | 0306          | 0309          | 0312           | 0403          | 0406          | 0409          | 0412           |
| <b>Systems</b>                   | <b>24,996</b> | <b>51,332</b> | <b>77,850</b> | <b>105,442</b> | <b>31,107</b> | <b>62,298</b> | <b>89,667</b> | <b>124,971</b> |
| - Mobile Networks                | 17,475        | 37,495        | 59,003        | 79,458         | 24,944        | 50,401        | 73,201        | 100,791        |
| - Fixed Networks                 | 1,990         | 3,714         | 5,227         | 6,355          | 1,173         | 2,254         | 2,924         | 4,503          |
| <b>Total Network Equipment</b>   | <b>19,465</b> | <b>41,209</b> | <b>64,230</b> | <b>85,813</b>  | <b>26,117</b> | <b>52,655</b> | <b>76,125</b> | <b>105,294</b> |
| - Of which Network Rollout       | 2,542         | 4,542         | 6,567         | 8,720          | 2,705         | 5,931         | 8,512         | 13,127         |
| <b>Professional Services</b>     | <b>5,531</b>  | <b>10,123</b> | <b>13,620</b> | <b>19,629</b>  | <b>4,990</b>  | <b>9,643</b>  | <b>13,542</b> | <b>19,677</b>  |
| <b>Other Operations</b>          | <b>2,587</b>  | <b>4,899</b>  | <b>6,862</b>  | <b>9,192</b>   | <b>2,384</b>  | <b>5,087</b>  | <b>7,541</b>  | <b>10,378</b>  |
| <b>Less: Intersegment Orders</b> | <b>-523</b>   | <b>-823</b>   | <b>-1,176</b> | <b>-1,634</b>  | <b>-477</b>   | <b>-1,259</b> | <b>-2,116</b> | <b>-2,390</b>  |
| <b>Total</b>                     | <b>27,060</b> | <b>55,408</b> | <b>83,536</b> | <b>113,000</b> | <b>33,014</b> | <b>66,126</b> | <b>95,092</b> | <b>132,959</b> |

| YTD year over year change        | 2003        |             |             |             | 2004        |            |            |            |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|
|                                  | 0303        | 0306        | 0309        | 0312        | 0403        | 0406       | 0409       | 0412       |
| <b>Systems</b>                   | <b>-34%</b> | <b>-25%</b> | <b>-10%</b> | <b>-9%</b>  | <b>24%</b>  | <b>21%</b> | <b>15%</b> | <b>19%</b> |
| - Mobile Networks                | -40%        | -28%        | -9%         | -7%         | 43%         | 34%        | 24%        | 27%        |
| - Fixed Networks                 | -26%        | -34%        | -29%        | -32%        | -41%        | -39%       | -44%       | -29%       |
| <b>Total Network Equipment</b>   | <b>-39%</b> | <b>-29%</b> | <b>-11%</b> | <b>-10%</b> | <b>34%</b>  | <b>28%</b> | <b>19%</b> | <b>23%</b> |
| - Of which Network Rollout       | -46%        | -47%        | -35%        | -38%        | 6%          | 31%        | 30%        | 51%        |
| <b>Professional Services</b>     | <b>-2%</b>  | <b>-8%</b>  | <b>-8%</b>  | <b>-4%</b>  | <b>-10%</b> | <b>-5%</b> | <b>-1%</b> | <b>0%</b>  |
| <b>Other Operations</b>          | <b>-47%</b> | <b>-50%</b> | <b>-46%</b> | <b>-40%</b> | <b>-8%</b>  | <b>4%</b>  | <b>10%</b> | <b>13%</b> |
| <b>Less: Intersegment Orders</b> | <b>-25%</b> | <b>-44%</b> | <b>-40%</b> | <b>-31%</b> | <b>-9%</b>  | <b>53%</b> | <b>80%</b> | <b>46%</b> |
| <b>Total</b>                     | <b>-35%</b> | <b>-28%</b> | <b>-14%</b> | <b>-12%</b> | <b>22%</b>  | <b>19%</b> | <b>14%</b> | <b>18%</b> |

## NET SALES BY SEGMENT BY QUARTER

SEK million

| Isolated quarters               | 2003          |               |               |               | 2004          |               |               |               |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                 | Q1            | Q2            | Q3            | Q4            | Q1            | Q2            | Q3            | Q4            |
| <b>Systems</b>                  | <b>23,961</b> | <b>25,224</b> | <b>25,907</b> | <b>33,574</b> | <b>26,092</b> | <b>30,380</b> | <b>29,627</b> | <b>36,798</b> |
| - Mobile Networks               | 17,643        | 18,949        | 19,826        | 25,635        | 21,081        | 24,241        | 23,773        | 29,096        |
| - Fixed Networks                | 1,898         | 2,177         | 1,670         | 2,220         | 896           | 1,129         | 1,027         | 1,519         |
| <b>Total Network Equipment</b>  | <b>19,541</b> | <b>21,126</b> | <b>21,496</b> | <b>27,855</b> | <b>21,977</b> | <b>25,370</b> | <b>24,800</b> | <b>30,615</b> |
| - Of which Network Rollout      | 2,577         | 2,532         | 2,791         | 3,213         | 2,205         | 2,490         | 2,648         | 3,621         |
| <b>Professional Services</b>    | <b>4,420</b>  | <b>4,098</b>  | <b>4,411</b>  | <b>5,719</b>  | <b>4,115</b>  | <b>5,010</b>  | <b>4,827</b>  | <b>6,183</b>  |
| <b>Other Operations</b>         | <b>2,363</b>  | <b>2,534</b>  | <b>2,508</b>  | <b>3,174</b>  | <b>2,449</b>  | <b>2,806</b>  | <b>2,828</b>  | <b>3,306</b>  |
| <b>Less: Intersegment Sales</b> | <b>-465</b>   | <b>-145</b>   | <b>-376</b>   | <b>-521</b>   | <b>-430</b>   | <b>-591</b>   | <b>-619</b>   | <b>-674</b>   |
| <b>Total</b>                    | <b>25,859</b> | <b>27,613</b> | <b>28,039</b> | <b>36,227</b> | <b>28,111</b> | <b>32,595</b> | <b>31,836</b> | <b>39,430</b> |

| Sequential change               | 2003        |             |             |            | 2004        |            |            |            |
|---------------------------------|-------------|-------------|-------------|------------|-------------|------------|------------|------------|
|                                 | Q1          | Q2          | Q3          | Q4         | Q1          | Q2         | Q3         | Q4         |
| <b>Systems</b>                  | <b>-28%</b> | <b>5%</b>   | <b>3%</b>   | <b>30%</b> | <b>-22%</b> | <b>16%</b> | <b>-2%</b> | <b>24%</b> |
| - Mobile Networks               | -28%        | 7%          | 5%          | 29%        | -18%        | 15%        | -2%        | 22%        |
| - Fixed Networks                | -38%        | 15%         | -23%        | 33%        | -60%        | 26%        | -9%        | 48%        |
| <b>Total Network Equipment</b>  | <b>-29%</b> | <b>8%</b>   | <b>2%</b>   | <b>30%</b> | <b>-21%</b> | <b>15%</b> | <b>-2%</b> | <b>23%</b> |
| - Of which Network Rollout      | -33%        | -2%         | 10%         | 15%        | -31%        | 13%        | 6%         | 37%        |
| <b>Professional Services</b>    | <b>-20%</b> | <b>-7%</b>  | <b>8%</b>   | <b>30%</b> | <b>-28%</b> | <b>22%</b> | <b>-4%</b> | <b>28%</b> |
| <b>Other Operations</b>         | <b>-39%</b> | <b>7%</b>   | <b>-1%</b>  | <b>27%</b> | <b>-23%</b> | <b>15%</b> | <b>1%</b>  | <b>17%</b> |
| <b>Less: Intersegment Sales</b> | <b>22%</b>  | <b>-69%</b> | <b>159%</b> | <b>39%</b> | <b>-17%</b> | <b>37%</b> | <b>5%</b>  | <b>9%</b>  |
| <b>Total</b>                    | <b>-30%</b> | <b>7%</b>   | <b>2%</b>   | <b>29%</b> | <b>-22%</b> | <b>16%</b> | <b>-2%</b> | <b>24%</b> |

| Year over year change           | 2003        |             |             |             | 2004       |             |            |            |
|---------------------------------|-------------|-------------|-------------|-------------|------------|-------------|------------|------------|
|                                 | Q1          | Q2          | Q3          | Q4          | Q1         | Q2          | Q3         | Q4         |
| <b>Systems</b>                  | <b>-28%</b> | <b>-27%</b> | <b>-15%</b> | <b>1%</b>   | <b>9%</b>  | <b>20%</b>  | <b>14%</b> | <b>10%</b> |
| - Mobile Networks               | -31%        | -30%        | -17%        | 4%          | 19%        | 28%         | 20%        | 14%        |
| - Fixed Networks                | -42%        | -27%        | -30%        | -27%        | -53%       | -48%        | -39%       | -32%       |
| <b>Total Network Equipment</b>  | <b>-32%</b> | <b>-29%</b> | <b>-18%</b> | <b>1%</b>   | <b>12%</b> | <b>20%</b>  | <b>15%</b> | <b>10%</b> |
| - Of which Network Rollout      | -38%        | -34%        | -5%         | -16%        | -14%       | -2%         | -5%        | 13%        |
| <b>Professional Services</b>    | <b>-1%</b>  | <b>-15%</b> | <b>2%</b>   | <b>3%</b>   | <b>-7%</b> | <b>22%</b>  | <b>9%</b>  | <b>8%</b>  |
| <b>Other Operations</b>         | <b>-45%</b> | <b>-44%</b> | <b>-27%</b> | <b>-18%</b> | <b>4%</b>  | <b>11%</b>  | <b>13%</b> | <b>4%</b>  |
| <b>Less: Intersegment Sales</b> | <b>-32%</b> | <b>-82%</b> | <b>-29%</b> | <b>37%</b>  | <b>-8%</b> | <b>308%</b> | <b>65%</b> | <b>29%</b> |
| <b>Total</b>                    | <b>-30%</b> | <b>-28%</b> | <b>-16%</b> | <b>-1%</b>  | <b>9%</b>  | <b>18%</b>  | <b>14%</b> | <b>9%</b>  |

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

| Year to Date                    | 2003          |               |               |                | 2004          |               |               |                |
|---------------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|
|                                 | 0303          | 0306          | 0309          | 0312           | 0403          | 0406          | 0409          | 0412           |
| <b>Systems</b>                  | <b>23,961</b> | <b>49,185</b> | <b>75,092</b> | <b>108,666</b> | <b>26,092</b> | <b>56,472</b> | <b>86,099</b> | <b>122,897</b> |
| - Mobile Networks               | 17,643        | 36,592        | 56,418        | 82,053         | 21,081        | 45,322        | 69,095        | 98,191         |
| - Fixed Networks                | 1,898         | 4,075         | 5,745         | 7,965          | 896           | 2,025         | 3,052         | 4,571          |
| <b>Total Network Equipment</b>  | <b>19,541</b> | <b>40,667</b> | <b>62,163</b> | <b>90,018</b>  | <b>21,977</b> | <b>47,347</b> | <b>72,147</b> | <b>102,762</b> |
| - Of which Network Rollout      | 2,577         | 5,109         | 7,900         | 11,113         | 2,205         | 4,695         | 7,343         | 10,964         |
| <b>Professional Services</b>    | <b>4,420</b>  | <b>8,518</b>  | <b>12,929</b> | <b>18,648</b>  | <b>4,115</b>  | <b>9,125</b>  | <b>13,952</b> | <b>20,135</b>  |
| <b>Other Operations</b>         | <b>2,363</b>  | <b>4,897</b>  | <b>7,405</b>  | <b>10,579</b>  | <b>2,449</b>  | <b>5,255</b>  | <b>8,083</b>  | <b>11,389</b>  |
| <b>Less: Intersegment Sales</b> | <b>-465</b>   | <b>-610</b>   | <b>-986</b>   | <b>-1,507</b>  | <b>-430</b>   | <b>-1,021</b> | <b>-1,640</b> | <b>-2,314</b>  |
| <b>Total</b>                    | <b>25,859</b> | <b>53,472</b> | <b>81,511</b> | <b>117,738</b> | <b>28,111</b> | <b>60,706</b> | <b>92,542</b> | <b>131,972</b> |

| YTD year over year change       | 2003        |             |             |             | 2004       |            |            |            |
|---------------------------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|
|                                 | 0303        | 0306        | 0309        | 0312        | 0403       | 0406       | 0409       | 0412       |
| <b>Systems</b>                  | <b>-28%</b> | <b>-28%</b> | <b>-24%</b> | <b>-18%</b> | <b>9%</b>  | <b>15%</b> | <b>15%</b> | <b>13%</b> |
| - Mobile Networks               | -31%        | -30%        | -26%        | -19%        | 19%        | 24%        | 22%        | 20%        |
| - Fixed Networks                | -42%        | -35%        | -34%        | -32%        | -53%       | -50%       | -47%       | -43%       |
| <b>Total Network Equipment</b>  | <b>-32%</b> | <b>-31%</b> | <b>-27%</b> | <b>-20%</b> | <b>12%</b> | <b>16%</b> | <b>16%</b> | <b>14%</b> |
| - Of which Network Rollout      | -38%        | -36%        | -28%        | -25%        | -14%       | -8%        | -7%        | -1%        |
| <b>Professional Services</b>    | <b>-1%</b>  | <b>-9%</b>  | <b>-5%</b>  | <b>-3%</b>  | <b>-7%</b> | <b>7%</b>  | <b>8%</b>  | <b>8%</b>  |
| <b>Other Operations</b>         | <b>-45%</b> | <b>-45%</b> | <b>-40%</b> | <b>-35%</b> | <b>4%</b>  | <b>7%</b>  | <b>9%</b>  | <b>8%</b>  |
| <b>Less: Intersegment Sales</b> | <b>-32%</b> | <b>-59%</b> | <b>-51%</b> | <b>-37%</b> | <b>-8%</b> | <b>67%</b> | <b>66%</b> | <b>54%</b> |
| <b>Total</b>                    | <b>-30%</b> | <b>-29%</b> | <b>-25%</b> | <b>-19%</b> | <b>9%</b>  | <b>14%</b> | <b>14%</b> | <b>12%</b> |



**OPERATING INCOME, OPERATING MARGIN AND EMPLOYEES BY SEGMENT BY QUARTER**

SEK million

**OPERATING INCOME AND MARGIN**

| Year to date                    | 2003 <sup>1)</sup> |               |               |              | 2004         |               |               |               |
|---------------------------------|--------------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|
|                                 | 0303               | 0306          | 0309          | 0312         | 0403         | 0406          | 0409          | 0412          |
| <b>Systems</b>                  | -1,487             | -503          | 863           | 6,646        | 4,199        | 10,514        | 17,011        | 25,345        |
| <b>Phones</b>                   | -500               | -683          | -483          | -183         | 435          | 960           | 1,565         | 2,143         |
| <b>Other Operations</b>         | -483               | -833          | -710          | -447         | 45           | 606           | 868           | 1,469         |
| <b>Unallocated<sup>2)</sup></b> | -318               | -549          | -779          | -792         | -165         | 169           | 20            | -19           |
| <b>Total</b>                    | <b>-2,788</b>      | <b>-2,568</b> | <b>-1,109</b> | <b>5,224</b> | <b>4,514</b> | <b>12,249</b> | <b>19,464</b> | <b>28,938</b> |

| As percentage of net sales | 2003 <sup>1)</sup> |            |            |           | 2004       |            |            |            |
|----------------------------|--------------------|------------|------------|-----------|------------|------------|------------|------------|
|                            | 0303               | 0306       | 0309       | 0312      | 0403       | 0406       | 0409       | 0412       |
| <b>Systems</b>             | -6%                | -1%        | 1%         | 6%        | 16%        | 19%        | 20%        | 21%        |
| <b>Phones<sup>3)</sup></b> |                    |            |            |           |            |            |            |            |
| <b>Other Operations</b>    | -20%               | -17%       | -10%       | -4%       | 2%         | 12%        | 11%        | 13%        |
| <b>Total</b>               | <b>-11%</b>        | <b>-5%</b> | <b>-1%</b> | <b>4%</b> | <b>16%</b> | <b>20%</b> | <b>21%</b> | <b>22%</b> |

| Isolated quarters               | 2003 <sup>1)</sup> |            |              |              | 2004         |              |              |              |
|---------------------------------|--------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                 | Q1                 | Q2         | Q3           | Q4           | Q1           | Q2           | Q3           | Q4           |
| <b>Systems</b>                  | -1,487             | 984        | 1,366        | 5,783        | 4,199        | 6,315        | 6,497        | 8,334        |
| <b>Phones</b>                   | -500               | -183       | 200          | 300          | 435          | 525          | 605          | 578          |
| <b>Other Operations</b>         | -483               | -350       | 123          | 263          | 45           | 561          | 262          | 601          |
| <b>Unallocated<sup>2)</sup></b> | -318               | -231       | -230         | -13          | -165         | 334          | -149         | -39          |
| <b>Total</b>                    | <b>-2,788</b>      | <b>220</b> | <b>1,459</b> | <b>6,333</b> | <b>4,514</b> | <b>7,735</b> | <b>7,215</b> | <b>9,474</b> |

| As percentage of net sales | 2003 <sup>1)</sup> |    |    |     | 2004 |     |     |     |
|----------------------------|--------------------|----|----|-----|------|-----|-----|-----|
|                            | Q1                 | Q2 | Q3 | Q4  | Q1   | Q2  | Q3  | Q4  |
| <b>Systems</b>             | -6%                | 4% | 5% | 17% | 16%  | 21% | 22% | 23% |
| <b>Phones<sup>3)</sup></b> |                    |    |    |     |      |     |     |     |

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

|                         |             |           |           |            |            |            |            |            |
|-------------------------|-------------|-----------|-----------|------------|------------|------------|------------|------------|
| <b>Other Operations</b> | -20%        | -14%      | 5%        | 8%         | 2%         | 20%        | 9%         | 18%        |
| <b>Total</b>            | <b>-11%</b> | <b>1%</b> | <b>5%</b> | <b>17%</b> | <b>16%</b> | <b>24%</b> | <b>24%</b> | <b>24%</b> |

1) 2003 figures are reported excluding restructuring costs.

2) Unallocated consists mainly of costs for corporate staffs and non-operational gains and losses

3) Calculation not applicable

**NUMBER OF EMPLOYEES**

|                         | 2003          |               |               |               | 2004          |               |               |               |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                         | 0303          | 0306          | 0309          | 0312          | 0403          | 0406          | 0409          | 0412          |
| <b>Systems</b>          | 53,532        | 50,510        | 46,669        | 45,176        | 45,209        | 45,108        | 44,998        | 45,500        |
| <b>Other Operations</b> | 7,047         | 6,786         | 6,409         | 6,110         | 5,440         | 5,568         | 5,260         | 5,034         |
| <b>Unallocated</b>      | 361           | 348           | 323           | 297           | -             | -             | -             | -             |
| <b>Total</b>            | <b>60,940</b> | <b>57,644</b> | <b>53,401</b> | <b>51,583</b> | <b>50,649</b> | <b>50,676</b> | <b>50,258</b> | <b>50,534</b> |
| Of which Sweden         | 29 068        | 27 657        | 25 234        | 24 408        | 22 702        | 22 427        | 21 842        | 21 296        |

| Change in percent       | 2003        |             |             |             | 2004        |             |            |            |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
|                         | 0303        | 0306        | 0309        | 0312        | 0403        | 0406        | 0409       | 0412       |
| <b>Systems</b>          | -25%        | -23%        | -25%        | -20%        | -16%        | -11%        | -4%        | 1%         |
| <b>Other Operations</b> | -34%        | -31%        | -27%        | -20%        | -23%        | -18%        | -18%       | -18%       |
| <b>Unallocated</b>      | -9%         | -22%        | -20%        | -23%        | -           | -           | -          | -          |
| <b>Total</b>            | <b>-26%</b> | <b>-24%</b> | <b>-26%</b> | <b>-20%</b> | <b>-17%</b> | <b>-12%</b> | <b>-6%</b> | <b>-2%</b> |
| Of which Sweden         | -20%        | -19%        | -23%        | -19%        | -22%        | -19%        | -13%       | -13%       |

**ORDERS BOOKED BY MARKET AREA BY QUARTER**

SEK million

| Isolated quarters             | 2003 <sup>1)</sup> |               |               |               | 2004 <sup>1)</sup> |               |               |               |
|-------------------------------|--------------------|---------------|---------------|---------------|--------------------|---------------|---------------|---------------|
|                               | Q1                 | Q2            | Q3            | Q4            | Q1                 | Q2            | Q3            | Q4            |
| Europe, Middle East & Africa* | 14,081             | 14,425        | 14,140        | 11,521        | 17,836             | 17,749        | 15,846        | 21,402        |
| North America                 | 4,693              | 4,622         | 4,380         | 6,542         | 4,679              | 2,434         | 2,459         | 3,511         |
| Latin America                 | 2,621              | 1,669         | 2,245         | 2,547         | 3,700              | 4,587         | 4,460         | 2,934         |
| Asia Pacific                  | 5,665              | 7,632         | 7,363         | 8,854         | 6,799              | 8,342         | 6,201         | 10,020        |
| <b>Total</b>                  | <b>27,060</b>      | <b>28,348</b> | <b>28,128</b> | <b>29,464</b> | <b>33,014</b>      | <b>33,112</b> | <b>28,966</b> | <b>37,867</b> |
| * Of which Sweden             | 1,406              | 1,190         | 967           | 854           | 964                | 1,317         | 977           | 1,511         |
| * Of which EU                 | 9,643              | 7,172         | 8,655         | 8,062         | 10,098             | 10,476        | 8,751         | 13,088        |

| Sequential change             | 2003 <sup>1)</sup> |           |            |           | 2004 <sup>1)</sup> |           |             |            |
|-------------------------------|--------------------|-----------|------------|-----------|--------------------|-----------|-------------|------------|
|                               | Q1                 | Q2        | Q3         | Q4        | Q1                 | Q2        | Q3          | Q4         |
| Europe, Middle East & Africa* | -25%               | 2%        | -2%        | -19%      | 55%                | 0%        | -11%        | 35%        |
| North America                 | -16%               | -2%       | -5%        | 49%       | -28%               | -48%      | 1%          | 43%        |
| Latin America                 |                    | -36%      | 35%        | 13%       | 45%                | 24%       | -3%         | -34%       |
| Asia Pacific                  | -12%               | 35%       | -4%        | 20%       | -23%               | 23%       | -26%        | 62%        |
| <b>Total</b>                  | <b>-12%</b>        | <b>5%</b> | <b>-1%</b> | <b>5%</b> | <b>12%</b>         | <b>0%</b> | <b>-13%</b> | <b>31%</b> |
| * Of which Sweden             | 6%                 | -15%      | -19%       | -12%      | 13%                | 37%       | -26%        | 55%        |
| * Of which EU                 | 0%                 | -25%      | 21%        | -7%       | 25%                | 4%        | -16%        | 50%        |

| Year over year change         | 2003 <sup>1)</sup> |             |            |            | 2004 <sup>1)</sup> |            |           |            |
|-------------------------------|--------------------|-------------|------------|------------|--------------------|------------|-----------|------------|
|                               | Q1                 | Q2          | Q3         | Q4         | Q1                 | Q2         | Q3        | Q4         |
| Europe, Middle East & Africa* | -28%               | -18%        | 48%        | -38%       | 27%                | 23%        | 12%       | 86%        |
| North America                 | -33%               | -21%        | -2%        | 18%        | 0%                 | -47%       | -44%      | -46%       |
| Latin America                 | -46%               | -50%        | 58%        |            | 41%                | 175%       | 99%       | 15%        |
| Asia Pacific                  | -46%               | -9%         | 45%        | 38%        | 20%                | 9%         | -16%      | 13%        |
| <b>Total</b>                  | <b>-35%</b>        | <b>-20%</b> | <b>37%</b> | <b>-4%</b> | <b>22%</b>         | <b>17%</b> | <b>3%</b> | <b>29%</b> |
| * Of which Sweden             | -42%               | -53%        | -28%       | -36%       | -31%               | 11%        | 1%        | 77%        |
| * Of which EU                 | -1%                | -47%        | 110%       | -24%       | 5%                 | 46%        | 1%        | 62%        |

| Year to date | 2003 <sup>1)</sup> |      |      |      | 2004 <sup>1)</sup> |      |      |      |
|--------------|--------------------|------|------|------|--------------------|------|------|------|
|              | 0303               | 0306 | 0309 | 0312 | 0403               | 0406 | 0409 | 0412 |

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

|                               |               |               |               |                |               |               |               |                |
|-------------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|
| Europe, Middle East & Africa* | 14,081        | 28,506        | 42,646        | 54,167         | 17,836        | 35,585        | 51,431        | 72,833         |
| North America                 | 4,693         | 9,315         | 13,695        | 20,237         | 4,679         | 7,113         | 9,572         | 13,083         |
| Latin America                 | 2,621         | 4,290         | 6,535         | 9,082          | 3,700         | 8,287         | 12,747        | 15,681         |
| Asia Pacific                  | 5,665         | 13,297        | 20,660        | 29,514         | 6,799         | 15,141        | 21,342        | 31,362         |
| <b>Total</b>                  | <b>27,060</b> | <b>55,408</b> | <b>83,536</b> | <b>113,000</b> | <b>33,014</b> | <b>66,126</b> | <b>95,092</b> | <b>132,959</b> |
| * Of which Sweden             | 1,406         | 2,596         | 3,563         | 4,417          | 964           | 2,281         | 3,258         | 4,769          |
| * Of which EU                 | 9,643         | 16,815        | 25,470        | 33,532         | 10,098        | 20,574        | 29,325        | 42,413         |

| YTD year over year change     | 2003 <sup>1)</sup> |             |             |             | 2004 <sup>1)</sup> |            |            |            |
|-------------------------------|--------------------|-------------|-------------|-------------|--------------------|------------|------------|------------|
|                               | 0303               | 0306        | 0309        | 0312        | 0403               | 0406       | 0409       | 0412       |
| Europe, Middle East & Africa* | -28%               | -23%        | -9%         | -17%        | 27%                | 25%        | 21%        | 34%        |
| North America                 | -33%               | -27%        | -21%        | -12%        | 0%                 | -24%       | -30%       | -35%       |
| Latin America                 | -46%               | -48%        | -32%        | -5%         | 41%                | 93%        | 95%        | 73%        |
| Asia Pacific                  | -46%               | -30%        | -14%        | -3%         | 20%                | 14%        | 3%         | 6%         |
| <b>Total</b>                  | <b>-35%</b>        | <b>-28%</b> | <b>-14%</b> | <b>-12%</b> | <b>22%</b>         | <b>19%</b> | <b>14%</b> | <b>18%</b> |
| * Of which Sweden             | -42%               | -47%        | -43%        | -42%        | -31%               | -12%       | -9%        | 8%         |
| * Of which EU                 | -1%                | -28%        | -7%         | -11%        | 5%                 | 22%        | 15%        | 26%        |

<sup>1)</sup> Of which EU : Restated due to new members since April 1, 2004.

## NET SALES BY MARKET AREA BY QUARTER

SEK million

| Isolated quarters             | 2003 <sup>1)</sup> |               |               |               | 2004 <sup>1)</sup> |               |               |               |
|-------------------------------|--------------------|---------------|---------------|---------------|--------------------|---------------|---------------|---------------|
|                               | Q1                 | Q2            | Q3            | Q4            | Q1                 | Q2            | Q3            | Q4            |
| Europe, Middle East & Africa* | 13,983             | 15,083        | 14,144        | 19,633        | 14,986             | 17,119        | 18,247        | 23,119        |
| North America                 | 3,940              | 4,217         | 4,271         | 5,199         | 4,404              | 4,939         | 3,328         | 2,800         |
| Latin America                 | 1,764              | 2,197         | 2,663         | 3,301         | 2,867              | 3,455         | 3,665         | 4,491         |
| Asia Pacific                  | 6,172              | 6,116         | 6,961         | 8,094         | 5,854              | 7,082         | 6,596         | 9,020         |
| <b>Total</b>                  | <b>25,859</b>      | <b>27,613</b> | <b>28,039</b> | <b>36,227</b> | <b>28,111</b>      | <b>32,595</b> | <b>31,836</b> | <b>39,430</b> |
| * Of which Sweden             | 1,403              | 1,437         | 1,371         | 1,657         | 1,341              | 1,543         | 1,457         | 1,839         |
| * Of which EU                 | 8,584              | 8,847         | 8,488         | 12,224        | 8,167              | 10,144        | 10,053        | 14,002        |

| Sequential change             | 2003 <sup>1)</sup> |           |           |            | 2004 <sup>1)</sup> |            |            |            |
|-------------------------------|--------------------|-----------|-----------|------------|--------------------|------------|------------|------------|
|                               | Q1                 | Q2        | Q3        | Q4         | Q1                 | Q2         | Q3         | Q4         |
| Europe, Middle East & Africa* | -32%               | 8%        | -6%       | 39%        | -24%               | 14%        | 7%         | 27%        |
| North America                 | -40%               | 7%        | 1%        | 22%        | -15%               | 12%        | -33%       | -16%       |
| Latin America                 | -26%               | 25%       | 21%       | 24%        | -13%               | 21%        | 6%         | 23%        |
| Asia Pacific                  | -13%               | -1%       | 14%       | 16%        | -28%               | 21%        | -7%        | 37%        |
| <b>Total</b>                  | <b>-30%</b>        | <b>7%</b> | <b>2%</b> | <b>29%</b> | <b>-22%</b>        | <b>16%</b> | <b>-2%</b> | <b>24%</b> |
| * Of which Sweden             | -32%               | 2%        | -5%       | 21%        | -19%               | 15%        | -6%        | 26%        |
| * Of which EU                 | -36%               | 2%        | -1%       | 43%        | -33%               | 24%        | -1%        | 39%        |

| Year over year change         | 2003 <sup>1)</sup> |             |             |            | 2004 <sup>1)</sup> |            |            |           |
|-------------------------------|--------------------|-------------|-------------|------------|--------------------|------------|------------|-----------|
|                               | Q1                 | Q2          | Q3          | Q4         | Q1                 | Q2         | Q3         | Q4        |
| Europe, Middle East & Africa* | -21%               | -21%        | -16%        | -5%        | 7%                 | 13%        | 29%        | 18%       |
| North America                 | -3%                | -30%        | -33%        | -21%       | 12%                | 17%        | -22%       | -46%      |
| Latin America                 | -59%               | -29%        | -7%         | 38%        | 63%                | 57%        | 38%        | 36%       |
| Asia Pacific                  | -44%               | -41%        | -7%         | 14%        | -5%                | 16%        | -5%        | 11%       |
| <b>Total</b>                  | <b>-30%</b>        | <b>-28%</b> | <b>-16%</b> | <b>-1%</b> | <b>9%</b>          | <b>18%</b> | <b>14%</b> | <b>9%</b> |
| * Of which Sweden             | -29%               | -44%        | -18%        | -20%       | -4%                | 7%         | 6%         | 11%       |
| * Of which EU                 | -27%               | -27%        | -14%        | -8%        | -5%                | 15%        | 18%        | 15%       |

| Year to date | 2003 <sup>1)</sup> |      |      |      | 2004 <sup>1)</sup> |      |      |      |
|--------------|--------------------|------|------|------|--------------------|------|------|------|
|              | 0303               | 0306 | 0309 | 0312 | 0403               | 0406 | 0409 | 0412 |

Edgar Filing: ERICSSON LM TELEPHONE CO - Form 6-K

|                               |               |               |               |                |               |               |               |                |
|-------------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|
| Europe, Middle East & Africa* | 13,983        | 29,066        | 43,210        | 62,843         | 14,986        | 32,105        | 50,352        | 73,471         |
| North America                 | 3,940         | 8,157         | 12,428        | 17,627         | 4,404         | 9,343         | 12,671        | 15,471         |
| Latin America                 | 1,764         | 3,961         | 6,624         | 9,925          | 2,867         | 6,322         | 9,987         | 14,478         |
| Asia Pacific                  | 6,172         | 12,288        | 19,249        | 27,343         | 5,854         | 12,936        | 19,532        | 28,552         |
| <b>Total</b>                  | <b>25,859</b> | <b>53,472</b> | <b>81,511</b> | <b>117,738</b> | <b>28,111</b> | <b>60,706</b> | <b>92,542</b> | <b>131,972</b> |
| * Of which Sweden             | 1,403         | 2,840         | 4,211         | 5,868          | 1,341         | 2,884         | 4,341         | 6,180          |
| * Of which EU                 | 8,584         | 17,431        | 25,919        | 38,143         | 8,167         | 18,311        | 28,364        | 42,366         |

| YTD year over year change     | 2003 <sup>1)</sup> |             |             |             | 2004 <sup>1)</sup> |            |            |            |
|-------------------------------|--------------------|-------------|-------------|-------------|--------------------|------------|------------|------------|
|                               | 0303               | 0306        | 0309        | 0312        | 0403               | 0406       | 0409       | 0412       |
| Europe, Middle East & Africa* | -21%               | -21%        | -19%        | -15%        | 7%                 | 10%        | 17%        | 17%        |
| North America                 | -3%                | -20%        | -25%        | -24%        | 12%                | 15%        | 2%         | -12%       |
| Latin America                 | -59%               | -47%        | -36%        | -22%        | 63%                | 60%        | 51%        | 46%        |
| Asia Pacific                  | -44%               | -42%        | -33%        | -24%        | -5%                | 5%         | 1%         | 4%         |
| <b>Total</b>                  | <b>-30%</b>        | <b>-29%</b> | <b>-25%</b> | <b>-19%</b> | <b>9%</b>          | <b>14%</b> | <b>14%</b> | <b>12%</b> |
| * Of which Sweden             | -29%               | -38%        | -32%        | -29%        | -4%                | 2%         | 3%         | 5%         |
| * Of which EU                 | -27%               | -27%        | -23%        | -19%        | -5%                | 5%         | 9%         | 11%        |

1) Of which EU : Restated due to new members since April 1, 2004.

**EXTERNAL ORDERS BOOKED BY MARKET AREA BY SEGMENT**

SEK million

| <u>Jan - Dec 2004</u>        | <u>Systems</u> | <u>Share of<br/>Systems</u> | <u>Other</u> | <u>Share of<br/>Other</u> | <u>Total</u> | <u>Share of<br/>Total</u> |
|------------------------------|----------------|-----------------------------|--------------|---------------------------|--------------|---------------------------|
| Europe, Middle East & Africa | 65,886         | 54%                         | 6,947        | 74%                       | 72,833       | 55%                       |
| North America                | 12,526         | 10%                         | 557          | 6%                        | 13,083       | 10%                       |
| Latin America                | 15,432         | 12%                         | 249          | 3%                        | 15,681       | 12%                       |
| Asia Pacific                 | 29,723         | 24%                         | 1,639        | 17%                       | 31,362       | 23%                       |
| <b>Total</b>                 | <b>123,567</b> | <b>100%</b>                 |              |                           |              |                           |