

s **CMD**

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Key industry trends

Economies of Scale & Scope

- Convergence / Integration
- Consolidations
- Global Brands
- Operational Excellence

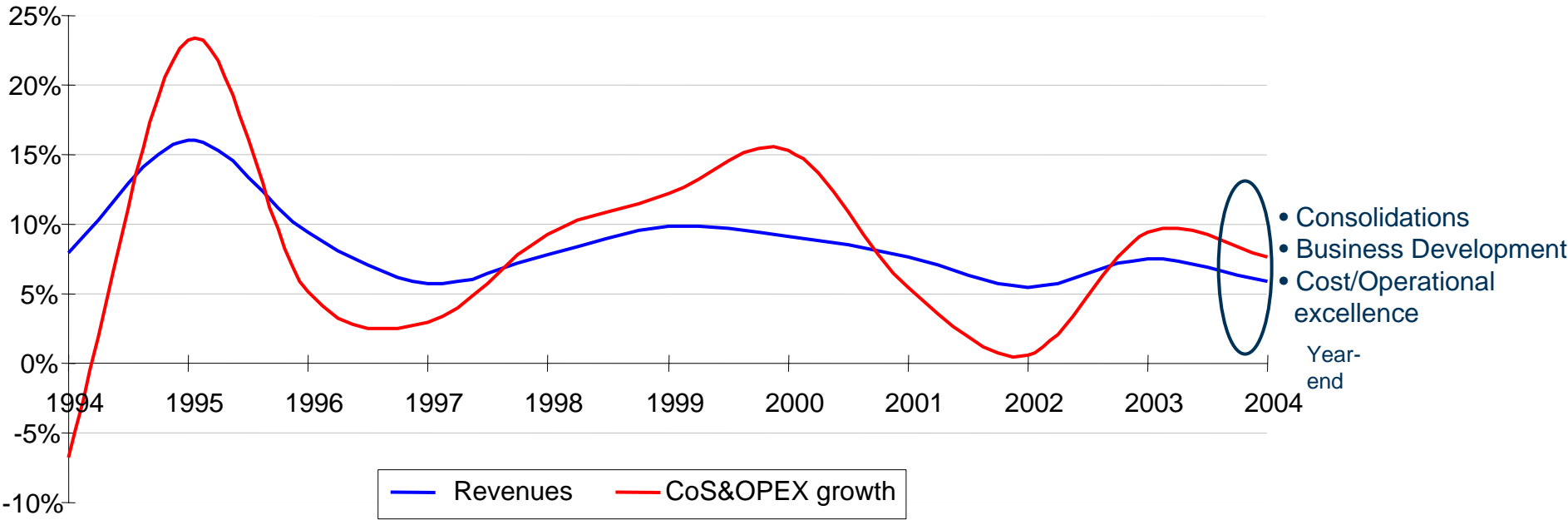
Business Development

- Emerging Markets
- Triple Play Services
- Differentiation & Value chain moves
- Regulations

Next Generation Networks

- Layering; Softswitch & IMS & IP
- Broadband; Wireline & Wireless
- E2E Performances
- Multimedia devices & services

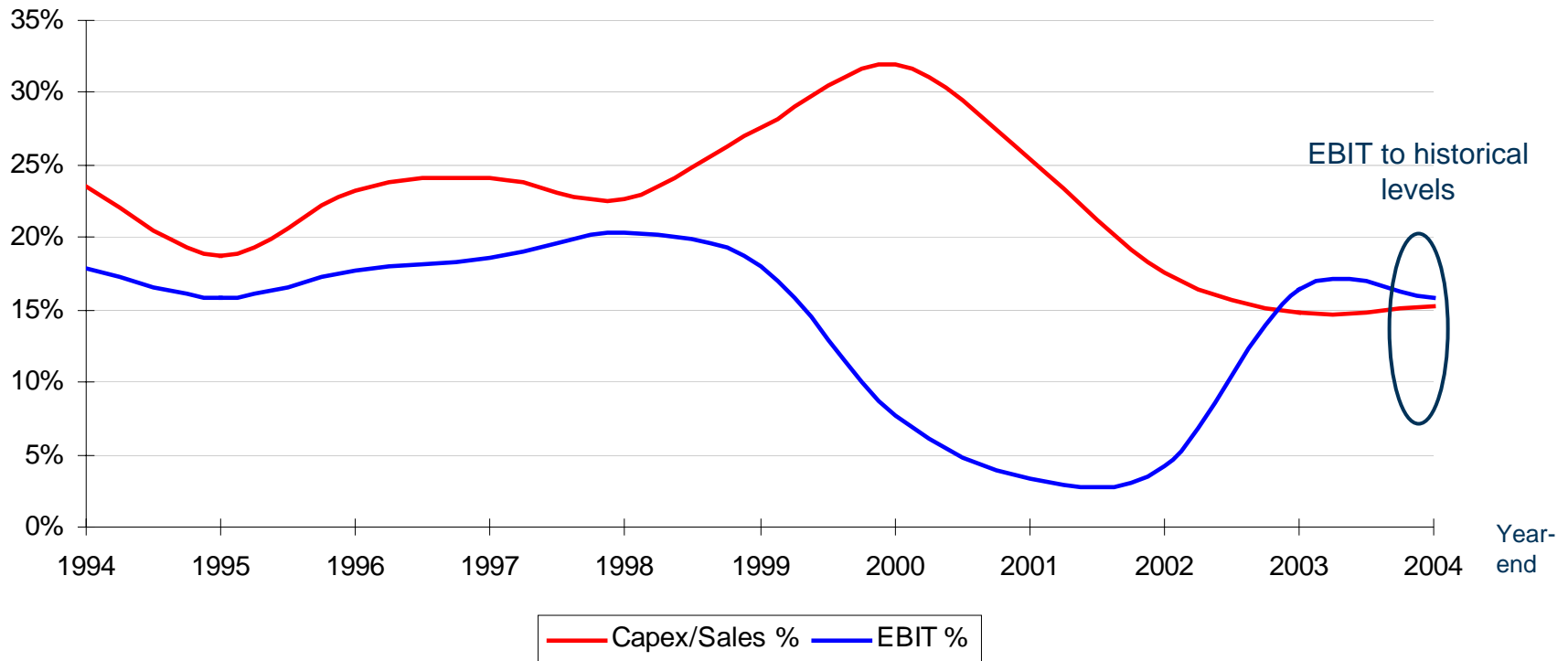
Operator revenue growth and CoS & OPEX growth



Sources: Infinancials, Annual reports, Investment banks, Ericsson analysis

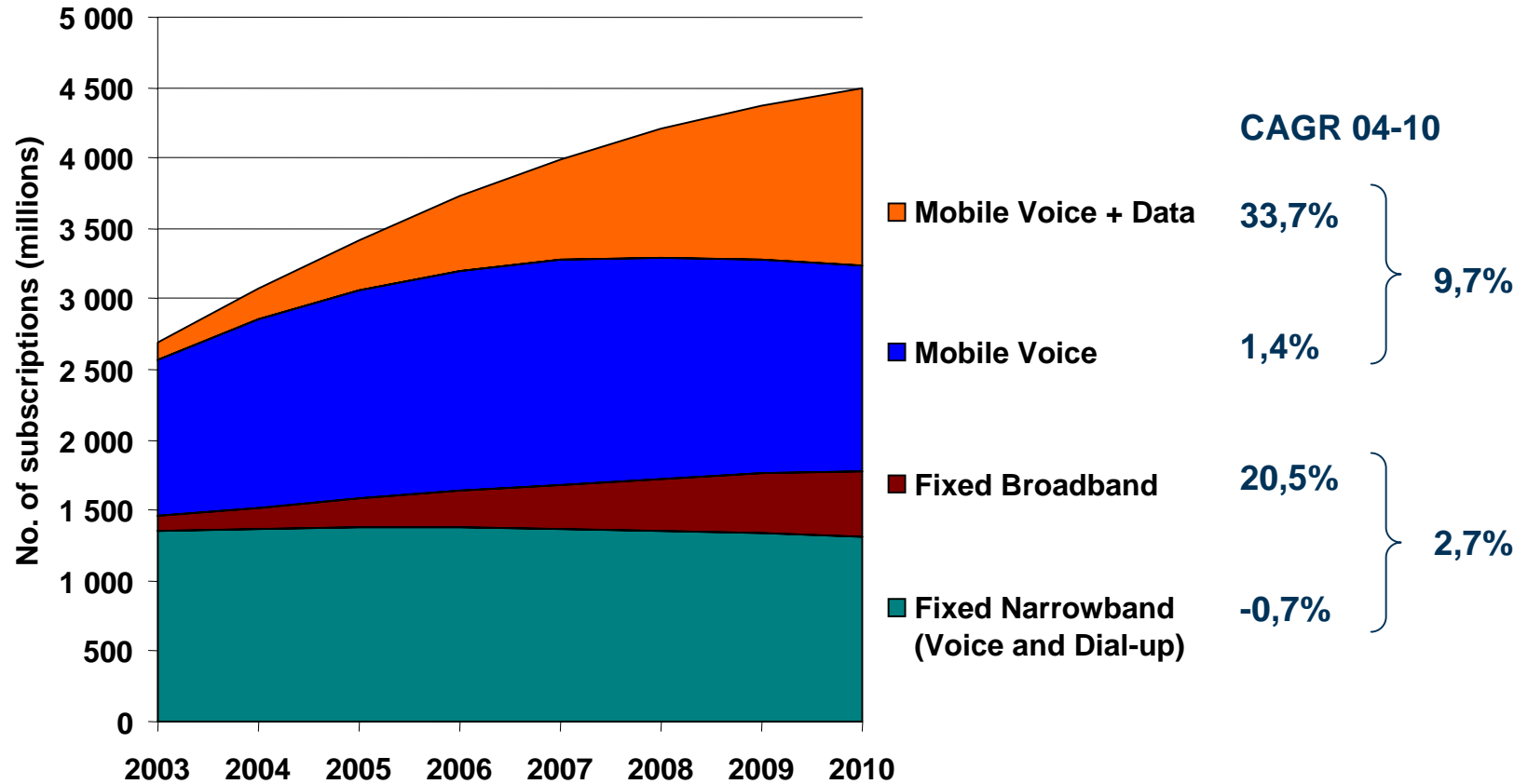
EBIT and CAPEX approaching previous levels

CAPEX to Sales vs. EBIT %



Sources: Infinancials, Annual reports, Investment banks, Ericsson analysis

Fixed and mobile subscriptions

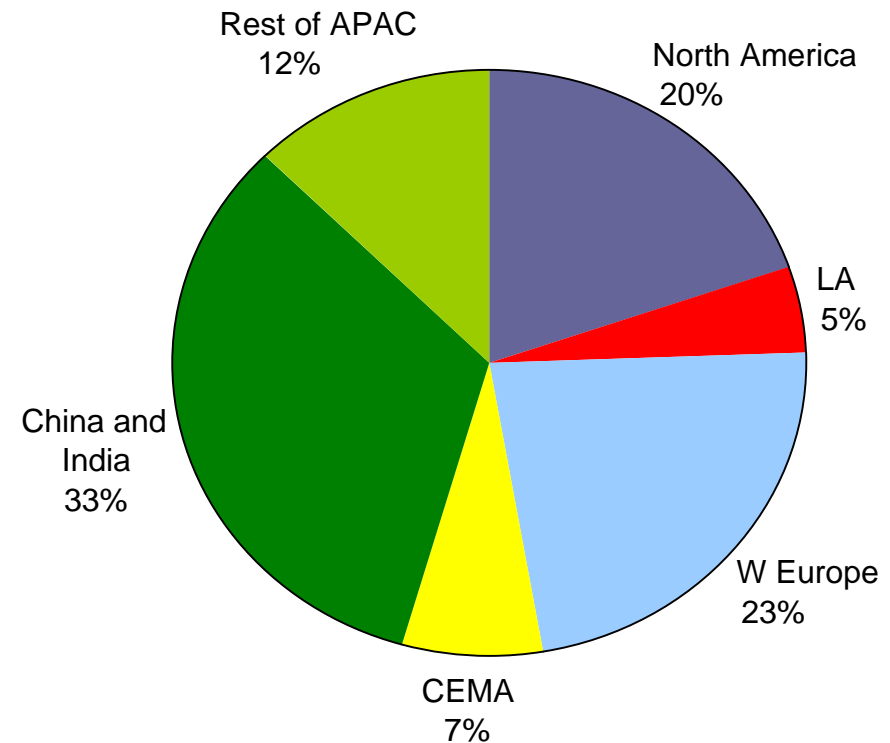
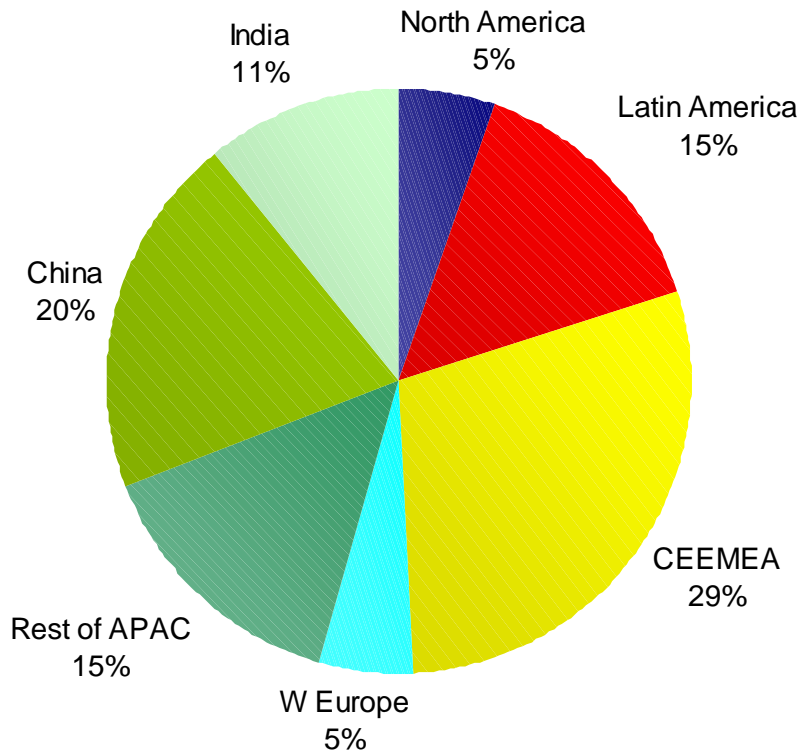


Source: Ericsson Long-term forecasts 2005

New mobile & broadband subscriptions 2005-2010

New Mobile Subscriptions (>1,1 billion active subscriptions)

New fixed Broadband Subscribers (Total 316 mil.)



➡ ~90% in emerging markets!

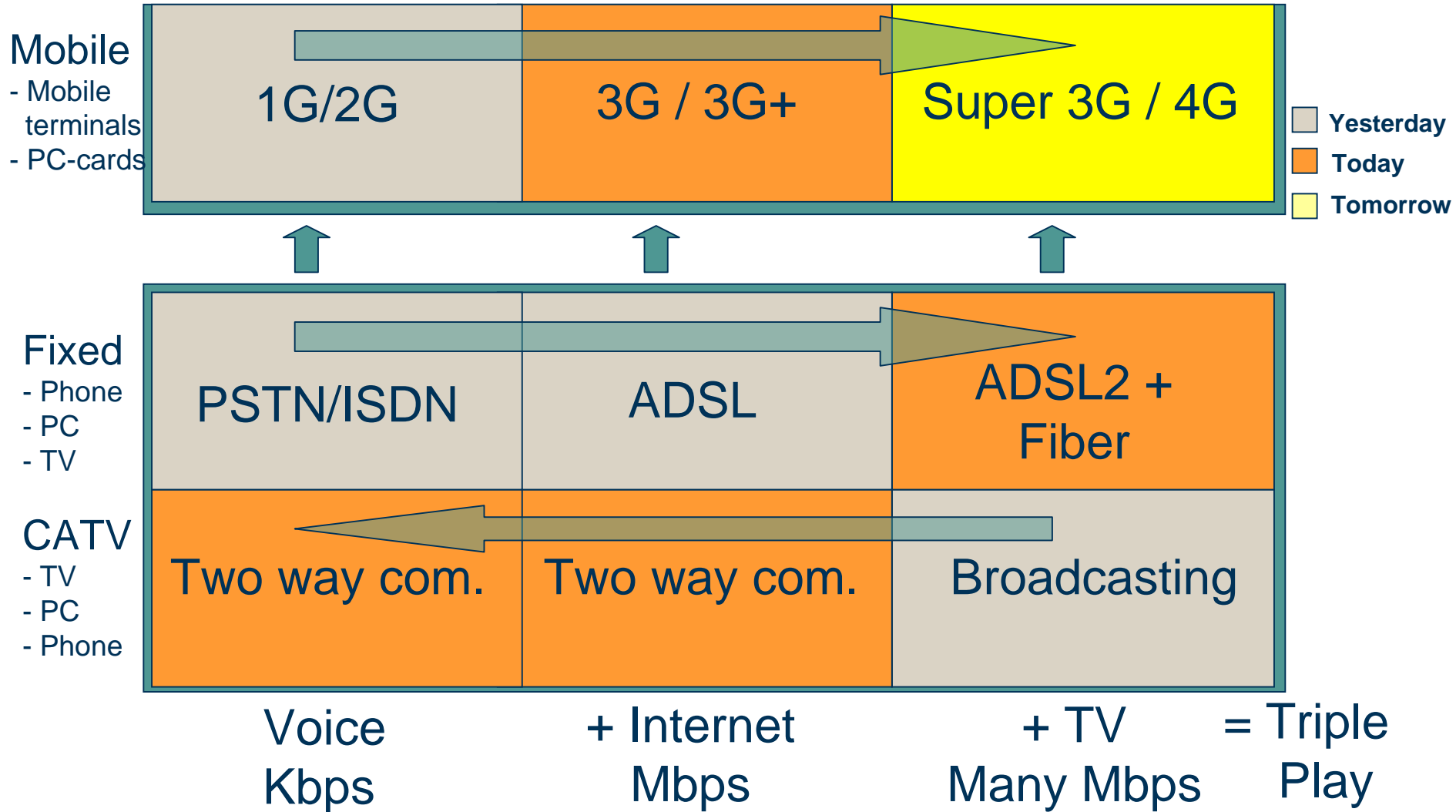
➡ Concentrated in NA, WE & China

Source: Ericsson Strategic Forecasts 2005

Next big thing in operator services

- Wireline operators implement IMS/softswitch/IP core & broadband access (beyond 20 Mb/s per home) for multiple IPTV streams & HDTV, Internet and VoIP streams
- Mobile operators implement 3G and beyond with softswitch/IMS for;
 - Flat rate/bucket voice tariffs
 - Flat rate/bucket data tariffs
 - Entertainment (TV, Music,...)
 - Push content/e-mail services
 - Indoor solutions

Evolution into Triple Play services



Successful Triple Play services

Basic characteristics

- Convenience e2e
- Trust e2e
- Quality of Service e2e
- Familiarity/Behavior
- Critical mass/Affordable
- Personalized/Relevant

Ease of use is vital

Automatic Device Configuration example, South East Europe

If you need to request and install settings yourself, you will not do it

Active GPRS users

Active MMS users

Support calls for settings

No automatic configuration

0.5%

1.5%

33%

Automatic configuration*

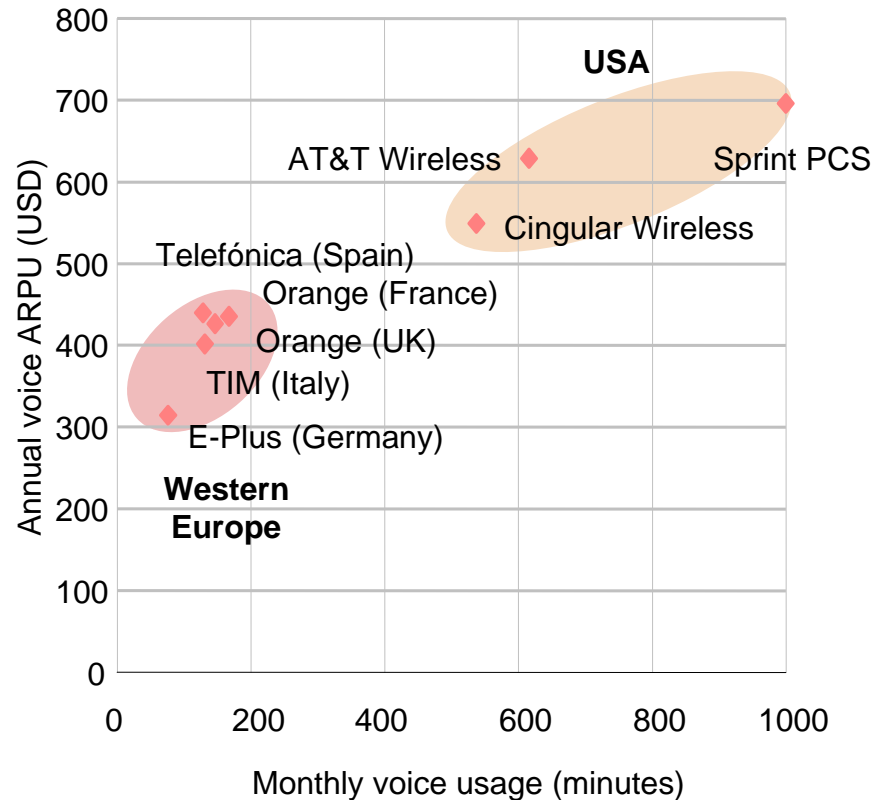
34%

31%

5%

*8 months after implementation

Sprint PCS achieves the highest voice usage and ARPU in the world (Fixed to Mobile Voice Substitution)



Average monthly MoU per fixed line;
US; ~1200
WE; ~650

Source: Ovum, Probe, Ericsson

Service Description

Source: Analysis Research 2005

Mobile data flat rate accelerates usage – US, Japan & Korea

- Sharp increase of data traffic
- The subscribers use more advanced services.
 - Advanced messaging
 - Video, Music download, mobile TV
 - M-commerce
 - Contents push

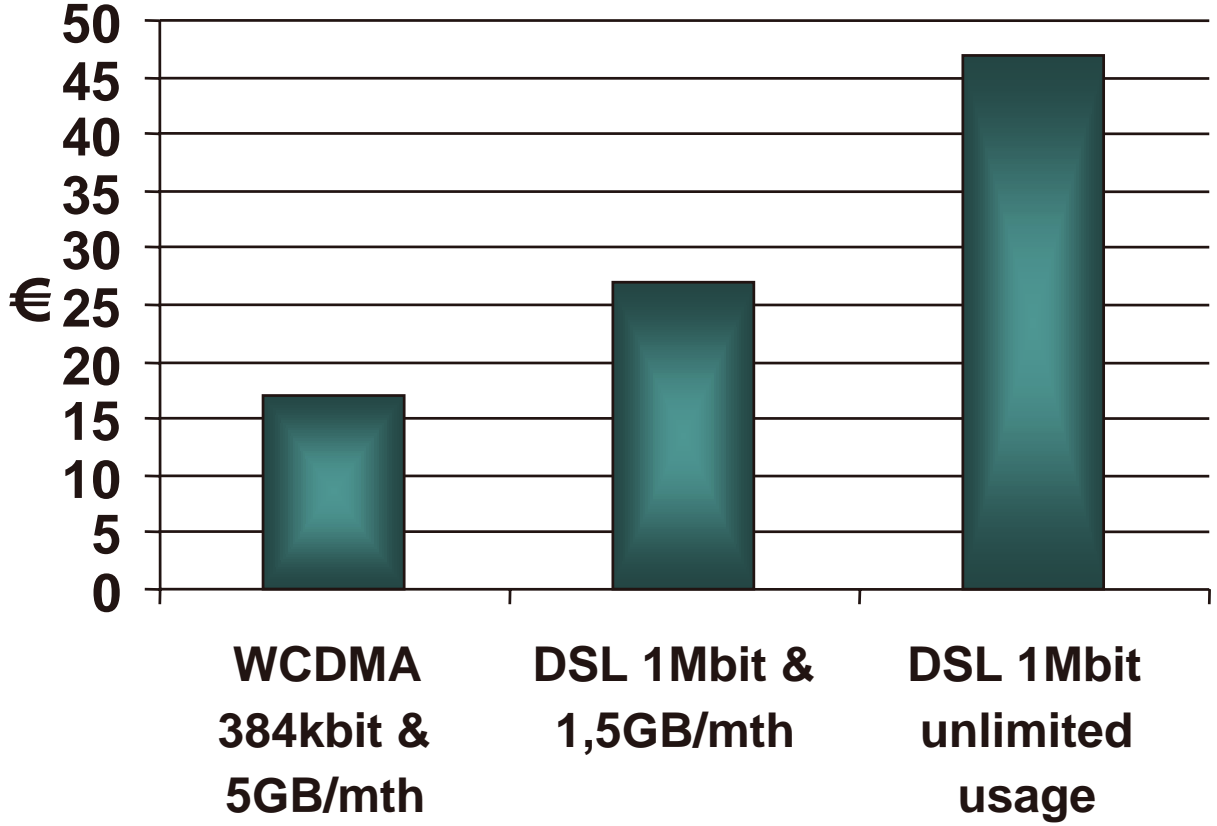
Mobile Triple Play

Data traffic increases dramatically

Charged by traffic

Flat rate and bucket charging

Price comparison WCDMA versus DSL in Germany – Example Vodafone



Source: http://www.vodafone.com/assets/files/en/PM_Zuhause100305_eng.pdf

Mobile TV's worldwide growth

Americas

- **MobiTV**
 - Over 400 000 streams in first 9 months
 - Over 23 TV and audio channels
- **Both VCAST and MobiTV now offer 15fps with 3G**
(source: Strategy Analytics, Feb. 05)

Asia

- **Live horse race TV / betting service at 3, Hong Kong**
(3g.co.uk, Dec. 2004)
- **Orange > 15 channels TV/Download for EDGE, India**
- **48% of KTF's 3G traffic came from live TV, 16% from video-on-demand**
(Source: KTF, March 2004)

EMEA

- **Norwegian NRK – 50 000 mobile TV streams in one month**
(Source:NRK)
- **3 Mobile TV listed as #3 of 'world Top 10 wireless services'**
(Source: Analysis, Dec 2004)
- **80% of Orange France's 3G customers watch Live TV**
 - 55 percent of the 3G sessions are live TV.
 - Orange claims over 100€ ARPU for initial 3G customer base
(Source: The Register, Feb 2005)
- **20 TV channels offered by Vodafone Netherlands, 13 by Vodafone Germany**
(source: Strategy Analytics,)



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Stockholm 10 may 2005

spring

Capital Markets Day