

ERICSSON LM TELEPHONE CO

Form 6-K

April 16, 2010

# 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

April 16, 2010

# LM ERICSSON TELEPHONE COMPANY

(Translation of registrant's name into English)

Torshamnsgatan 23, Kista

SE-164 83, 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  Form 40-F

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 April 16, 2010 regarding Sony Ericsson reports first quarter 2010 results.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TELEFONAKTIEBOLAGET LM ERICSSON (PUBL)

By: */s/ CARL OLOF BLOMQVIST*  
**Carl Olof Blomqvist**  
**Senior Vice President and**  
**General Counsel**

By: */s/ HENRY STÉNSON*  
**Henry Sténson**  
**Senior Vice President**  
**Corporate Communications**

Date: April 16, 2010

**PRESS RELEASE**

April 16, 2010

**Sony Ericsson reports first quarter 2010 results****Q1 Highlights:****Company returns to profitability in Q1 2010****ASP rises to Euro 134 as Xperia X10 and Vivaz start shipping****Improved cost structure generates better margins**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the first quarter ended March 31, 2010 is as follows:

	Q1 2009	Q4 2009	Q1 2010
Number of units shipped (million)	14.5	14.6	10.5
Sales (Euro m.)	1,736	1,750	1,405
Gross margin (%)	8%	23%	31%
Operating income (Euro m.)	-369	-181	20
Operating margin (%)	-21%	-10%	1%
Restructuring charges (Euro m.)	12	150	3
Operating income excl. restructuring charges (Euro m.)	-357	-32	23
Operating margin excl. restructuring charges (%)	-21%	-2%	2%
Income before taxes (IBT) (Euro m.)	-370	-190	18
IBT excl. restructuring charges (Euro m.)	-358	-40	21
Net income (Euro m.)	-293	-167	21
Average selling price (Euro)	120	120	134

Bert Nordberg, President, Sony Ericsson commented, "We are pleased to see the positive impact of both the launch of new products and the business transformation programme improving the company's results. The Xperia X10, our first android-based Communication Entertainment device featuring signature Sony Ericsson applications Timescape and Mediascape, and Vivaz, a beautifully designed, touch-screen Symbian phone started shipping towards the end of the quarter. Both models have been well received by global customers. He added, "Increases in both gross and operating margins show that we are on the right track to build the correct cost structure for our business organization and strategy. We will continue to work through the transformation programme

to ensure that we are competitive.

Units shipped in the quarter were 10.5 million, a decrease of 28% compared to the same period last year, reflecting the streamlining of the portfolio over the past 12 months to focus on higher-end phones. Sales for the quarter were Euro 1,405 million, a decrease of 19% year on year. Average selling price (ASP) increased 12% both sequentially and year-on-year to Euro 134 during the quarter due to good sell through of existing models, new flagship phones starting to ship at the end of the quarter and a positive currency effect.

Gross margin rose both sequentially and year-on-year, reflecting a more favourable product mix and the benefit of cost of sales improvements in the past year, including the resolution of certain royalty matters during the quarter.

Income before taxes for the quarter excluding restructuring was a profit of Euro 21 million, illustrating the positive impact of the cost reduction programme.

The transformation programme, which started in mid-2008, with the aim of reducing annual operating expenses by Euro 880 million is continuing with the full benefit expected during the second half of 2010. Since the start of the programme, Sony Ericsson has reduced its global workforce by approximately 3,150 people to reach a total of 8,450 by March 31, 2010. The total restructuring charges taken to date are Euro 342 million.

As of March 31, 2010, Sony Ericsson retained a net cash position of Euro 563 million.

During the first quarter of 2010, Sony Ericsson obtained additional external funding of Euro 150 million. The funding was guaranteed by the parent companies on a 50/50 basis.

Market share in unit base for the quarter decreased by one percentage point sequentially and is now estimated to be around 4%.

Sony Ericsson maintains a forecast of slight growth in units in the global handset market in 2010.

END

The liquid identity is a registered trademark of Sony Ericsson Mobile Communications AB.

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- ENDS -

Sony Ericsson is a 50:50 joint venture by Sony and Ericsson established in October 2001, with global corporate functions located in London and operations in all major markets. Sony Ericsson vision is to become the industry leader in Communication Entertainment; where new styles of communicating through the internet and social media, become entertainment. Sony Ericsson offers exciting consumer experiences through phones, accessories, content and applications. For more information please visit, [www.sonyericsson.com](http://www.sonyericsson.com).

**CONTACTS:**

Investors / Analysts

**Ericsson investor relations**

Susanne Andersson (Stockholm) +46 10 719 4631

Andreas Hedemyr (Stockholm) +46 10 714 3748

**Sony investor relations**

Gen Tsuchikawa (Tokyo) +81 3 6748 2180

Yas Hasegawa (London) +44 20 7426 8696

Press / Media

**Sony Ericsson global communications and PR**

Aldo Liguori (London) +44 20 8762 5860

Merran Wrigley (London) +44 20 8762 5862

*This press release contains forward-looking statements that involve inherent risks and uncertainties. Sony Ericsson has identified certain important factors that may cause actual results to differ materially from those contained in such forward-looking statements. For a detailed description of risk factors see Sony's and Ericsson's filings with the US Securities and Exchange Commission, particularly each company's latest published Annual Report on Form 20-F*

## Sony Ericsson

## CONSOLIDATED INCOME STATEMENT

EUR million	2010	Jan-Mar 2009	Change
Net sales	1,405	1,736	-19%
Cost of sales	-975	-1,591	-39%
<b>Gross profit</b>	<b>429</b>	<b>145</b>	<b>196%</b>
Gross margin %	30.6%	8.4%	22%
Research and development expenses	-216	-303	-29%
Selling and administrative expenses	-207	-225	-8%
<b>Operating expenses</b>	<b>-423</b>	<b>-528</b>	<b>-20%</b>
Other operating income, net	14	13	9%
<b>Operating income</b>	<b>20</b>	<b>-369</b>	
Operating margin %	1.4%	-21.3%	
Financial income	7	9	-26%
Financial expenses	-9	-10	-9%
<b>Income after financial items</b>	<b>18</b>	<b>-370</b>	
Taxes	6	84	-93%
Minority interest	-3	-6	-51%
<b>Net income</b>	<b>21</b>	<b>-293</b>	
Number of units shipped (million)	10.5	14.5	-28%
ASP (EUR)	134	120	12%
	<b>Jan-Mar 2010</b>	<b>Jan-Mar 2009</b>	
<b>EUR Million</b>			
Restructuring charges			
Cost of sales	-2	7	
Research and development expenses	2	2	
Sales and administrative expenses	3	3	
Other operating income, net	0	0	
Total	3	12	

## Sony Ericsson

## CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

EUR million	2010	Q4	Q3	2009	
	Q1			Q2	Q1
Net sales	1,405	1,750	1,619	1,684	1,736
Cost of sales	-975	-1,341	-1,367	-1,483	-1,591
<b>Gross profit</b>	<b>429</b>	<b>409</b>	<b>252</b>	<b>200</b>	<b>145</b>
Gross margin %	30.6%	23.4%	15.5%	11.9%	8.4%
Research and development expenses	-216	-299	-260	-245	-303
Selling and administrative expenses	-207	-299	-205	-235	-225
<b>Operating expenses</b>	<b>-423</b>	<b>-599</b>	<b>-465</b>	<b>-480</b>	<b>-528</b>
Other operating income, net	14	8	21	6	13
<b>Operating income</b>	<b>20</b>	<b>-181</b>	<b>-193</b>	<b>-274</b>	<b>-369</b>
Operating margin %	1.4%	-10.4%	-11.9%	-16.3%	-21.3%
Financial income	7	4	3	6	9
Financial expenses	-9	-12	-9	-15	-10
<b>Income after financial items</b>	<b>18</b>	<b>-190</b>	<b>-199</b>	<b>-283</b>	<b>-370</b>
Taxes	6	36	42	74	84
Minority interest	-3	-12	-6	-4	-6
<b>Net income</b>	<b>21</b>	<b>-167</b>	<b>-164</b>	<b>-213</b>	<b>-293</b>
Number of units shipped (million)	10.5	14.6	14.1	13.8	14.5
ASP (EUR)	134	120	114	122	120
EUR Million	2009	Q4	Q3	2009	
Restructuring charges	Q1 <th>Q2</th> <th>Q1</th>			Q2	Q1
Cost of sales	-2	41	0	-9	7
Research and development expenses	2	72	1	9	2
Sales and administrative expenses	3	37	1	1	3
Other operating income, net	0	0	0	0	0
Total	3	150	2	1	12



## Sony Ericsson

## CONSOLIDATED BALANCE SHEET

EUR million	Mar 31 2010	Dec 31 2009	Mar 31 2009
<b>ASSETS</b>			
<b>Total fixed and financial assets</b>	<b>791</b>	<b>779</b>	<b>658</b>
<b>Current assets</b>			
Inventories	384	358	477
Accounts receivable	849	832	1,193
Other assets	369	415	463
Other short-term cash investments	537	489	574
Cash and bank	443	389	542
<b>Total current assets</b>	<b>2,582</b>	<b>2,483</b>	<b>3,249</b>
<b>Total assets</b>	<b>3,373</b>	<b>3,262</b>	<b>3,908</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
Shareholders equity	438	381	930
Minority interest	54	47	65
<b>Total equity</b>	<b>492</b>	<b>428</b>	<b>995</b>
Borrowing, Non Current	100	0	0
Other long-term liabilities	37	32	30
<b>Total long-term liabilities</b>	<b>137</b>	<b>32</b>	<b>30</b>
Accounts payable	829	852	965
Borrowing, Current	316	258	0
Other current liabilities	1,599	1,692	1,918
<b>Total current liabilities</b>	<b>2,744</b>	<b>2,802</b>	<b>2,882</b>
<b>Total shareholders equity and liabilities</b>	<b>3,373</b>	<b>3,262</b>	<b>3,908</b>
Net cash*	563	620	1,116

\* Net cash is defined as cash and bank plus short-term cash investments less interest-bearing liabilities.

Sony Ericsson

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Jan-Mar	
	2010	2009
<b>OPERATIONS</b>		
Net income	21	-293
Adjustments to reconcile net income to cash	-44	29
	<b>-23</b>	<b>-263</b>
Changes in operating net assets	-72	321
<b>Cash flow from operating activities</b>	<b>-94</b>	<b>58</b>
<b>INVESTMENTS</b>		
Investing activities	27	-19
<b>Cash flow from investing activities</b>	<b>27</b>	<b>-19</b>
<b>FINANCING</b>		
Financing activities	150	-53
<b>Cash flow from financing activities</b>	<b>150</b>	<b>-53</b>
<b>Net change in cash</b>	<b>83</b>	<b>-14</b>
<b>Cash, beginning of period</b>	<b>878</b>	<b>1,125</b>
<b>Translation difference in Cash</b>	<b>19</b>	<b>5</b>
<b>Cash, end of period</b>	<b>980</b>	<b>1,116</b>

Sony Ericsson

## CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

EUR million	2010 Q1	Q4	2009 Q3	Q2	Q1
<b>OPERATIONS</b>					
Net income	21	-167	-164	-213	-293
Adjustments to reconcile net income to cash	-44	48	20	37	29
	<b>-23</b>	<b>-119</b>	<b>-143</b>	<b>-176</b>	<b>-263</b>
Changes in operating net assets	-72	-97	49	60	321
<b>Cash flow from operating activities</b>	<b>-94</b>	<b>-216</b>	<b>-94</b>	<b>-115</b>	<b>58</b>
<b>INVESTMENTS</b>					
Investing activities	27	-10	-42	-13	-19
<b>Cash flow from investing activities</b>	<b>27</b>	<b>-10</b>	<b>-42</b>	<b>-13</b>	<b>-19</b>
<b>FINANCING</b>					
Financing activities	150	100	159	0	-53
<b>Cash flow from financing activities</b>	<b>150</b>	<b>100</b>	<b>159</b>	<b>0</b>	<b>-53</b>
<b>Net change in cash</b>	<b>83</b>	<b>-126</b>	<b>22</b>	<b>-128</b>	<b>-14</b>
<b>Cash, beginning of period</b>	<b>878</b>	<b>996</b>	<b>965</b>	<b>1,116</b>	<b>1,125</b>
<b>Translation difference in Cash</b>	<b>19</b>	<b>8</b>	<b>9</b>	<b>-23</b>	<b>5</b>
<b>Cash, end of period</b>	<b>980</b>	<b>878</b>	<b>996</b>	<b>965</b>	<b>1,116</b>

## Sony Ericsson

## NET SALES BY MARKET AREA BY QUARTER

EUR million

Isolated quarters	2010		2009		
	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	711	966	875	927	977
Americas	201	222	232	195	200
Asia	493	562	512	562	559
<b>Total</b>	<b>1,405</b>	<b>1,750</b>	<b>1,619</b>	<b>1,684</b>	<b>1,736</b>
* of which Western Europe	525	678	636	678	721
Sequential change (%)	2010		2009		
	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	-26%	10%	-6%	-5%	-40%
Americas	-10%	-4%	19%	-3%	-69%
Asia	-12%	10%	-9%	1%	-12%
<b>Total</b>	<b>-20%</b>	<b>8%</b>	<b>-4%</b>	<b>-3%</b>	<b>-40%</b>
* of which Western Europe	-23%	7%	-6%	-6%	-35%
Year over year change (%)	2010		2009		
	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	-27%	-41%	-39%	-33%	-35%
Americas	1%	-65%	-67%	-74%	-59%
Asia	-12%	-12%	-25%	-19%	-23%
<b>Total</b>	<b>-19%</b>	<b>-40%</b>	<b>-42%</b>	<b>-40%</b>	<b>-36%</b>
* of which Western Europe	-27%	-39%	-33%	-25%	-26%
Year to date	2010		2009		
	1003	0912	0909	0906	0903
Europe, Middle East & Africa *	711	3,744	2,778	1,903	977
Americas	201	850	627	395	200
Asia	493	2,194	1,633	1,121	559
<b>Total</b>	<b>1,405</b>	<b>6,788</b>	<b>5,038</b>	<b>3,419</b>	<b>1,736</b>
* of which Western Europe	525	2,714	2,036	1,400	721
YTD year over year change (%)	2010		2009		
	1003	0912	0909	0906	0903
Europe, Middle East & Africa *	-27%	-37%	-35%	-34%	-35%
Americas	1%	-67%	-67%	-68%	-59%
Asia	-12%	-20%	-22%	-21%	-23%
<b>Total</b>	<b>-19%</b>	<b>-40%</b>	<b>-40%</b>	<b>-38%</b>	<b>-36%</b>
* of which Western Europe	-27%	-31%	-28%	-26%	-26%