

ERICSSON LM TELEPHONE CO  
Form 6-K  
January 19, 2012

# **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**

**January 19, 2012**

# **LM ERICSSON TELEPHONE COMPANY**

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

**Torshamnsgatan 23, Kista**

**SE-164 83, Stockholm, Sweden**

**(Address of principal executive offices)**

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

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 January 19, 2012 regarding **Sony Ericsson reports fourth quarter and full year 2011 results**

**PRESS RELEASE**

January 19, 2012

**Sony Ericsson reports fourth quarter and full year 2011 results****Q4 loss reflects intense competition, price erosion and restructuring charges****65% year-on-year increase in Android-based Xperia™ smartphone quarterly sales****28 million Xperia smartphones shipped to date**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the fourth quarter and full year ended December 31, 2011 is as follows\*:

	Q4 2010	Q3 2011	Q4 2011	FY 2010	FY 2011
Number of units shipped (million)	11.2	9.5	<b>9.0</b>	43.1	<b>34.4</b>
Average selling price (Euro)	136	166	<b>143</b>	146	<b>152</b>
Sales (Euro m.)	1,528	1,586	<b>1,288</b>	6,294	<b>5,212</b>
Gross margin (%)	30%	27%	<b>24%</b>	29%	<b>28%</b>
Operating income (Euro m.)	39	38	<b>-227</b>	159	<b>-206</b>
Operating margin (%)	3%	2%	<b>-18%</b>	3%	<b>-4%</b>
Restructuring charges (Euro m.)	-3		<b>-93</b>	-42	<b>-93</b>
Operating income excl. restructuring charges (Euro m.)	43	38	<b>-134</b>	202	<b>-113</b>
Operating margin excl. restructuring charges (%)	3%	2%	<b>-10%</b>	3%	<b>-2%</b>
Income before taxes (IBT) (Euro m.)	35	31	<b>-247</b>	147	<b>-243</b>
IBT excl. restructuring charges (Euro m.)	39	31	<b>-154</b>	189	<b>-150</b>
Net income (Euro m.)	8	0	<b>-207</b>	90	<b>-247</b>

\* All amounts are according to Swedish GAAP.

Bert Nordberg, President and CEO of Sony Ericsson commented: Our fourth quarter results reflected intense competition, unfavorable macroeconomic conditions and the effects of a natural disaster in Thailand this quarter. We are aligning our business to drive profitability and to meet customer needs. In spite of these challenges, throughout 2011 we've shifted our business from feature phones to smartphones, and our Android-based smartphone sales in the quarter increased by 65% year-on-year. The Xperia portfolio, including the recently announced Xperia NXT series, will serve as a cornerstone of our smartphone lineup in 2012.

Units shipped during the quarter were 9 million, a 20% decrease year-on-year and a 5% decrease compared to last quarter. The year-on-year and sequential declines reflect a significantly lower number of feature phones shipped, partially offset by an increase in smartphone shipments. Sony Ericsson has shipped 28 million Xperia smartphones to date.

Average selling price (ASP) for the quarter was Euro 143, up 5% year-on-year but down 14% sequentially. The year-on-year increase is due to the shift to smartphones and geographic mix. The sequential decrease in ASP is attributed to geographic and product mix, including declining prices of products launched earlier in the year, and the absence of new products introduced in the fourth quarter.

Sales for the quarter were approximately Euro 1.3 billion, down 16% year-on-year and 19% quarter over quarter. The year-on-year decline reflects the decrease of feature phone sales which was only partially offset by an increase in smartphone sales. The sequential decline is due to geographic and product mix, resulting in lower sales of both smartphones and feature phones. Fourth quarter sales were negatively impacted by macroeconomic challenges in advanced economies contributing to weaker holiday sales, and certain component shortages from the flooding in Thailand in late October and early November 2011. Xperia smartphones accounted for approximately 80% of total sales in the fourth quarter.

The gross margin for the quarter was 24%, a decrease of 6 percentage points year-on-year and 3 percentage points from the previous quarter. The year-on-year and sequential decreases are attributed to product and geographic mix. Fourth quarter gross margin was also adversely affected by intense smartphone price competition which more than offset the benefit of royalty and other items.

Loss before taxes, excluding restructuring charges, was Euro 154 million for the quarter, compared to income of Euro 39 million for the same quarter last year and of Euro 31 million in the previous quarter. The year-on-year and sequential declines are due to lower gross margin and increased operational expenses, including higher development and selling expenses.

In December 2011, Sony Ericsson launched a restructuring program including global workforce reductions to reduce costs and drive competitiveness. Restructuring charges for the quarter are Euro 93 million and the program is estimated to be completed by the end of 2012.

The quarter ended in a net loss of Euro 207 million, compared to a net income of Euro 8 million in the same quarter of the previous year, and essentially a break even result in the previous quarter.

Cash flow from operating activities during the quarter was negative Euro 26 million. External borrowings were Euro 19 million during the quarter. Total borrowings were Euro 742 million at the end of the quarter. Total cash balances at December 31, 2011 were Euro 442 million.

Sony Ericsson estimates that its share of the global Android-based smartphone market was 10% in volume and 7% in value during the quarter and 10% in volume and 10% in value for the full year.

Sony Ericsson estimates that the global smartphone market for the full year 2011 increased by 60% in volume to 463 million units. Sony Ericsson estimates strong growth in the smartphone market in 2012.

In October 2011 Sony Corporation ( Sony ) and Telefonaktiebolaget LM Ericsson ( Ericsson ) announced that Sony will acquire Ericsson 's stake in Sony Ericsson and that Sony Ericsson will become a wholly-owned subsidiary of Sony. The transaction is expected to close in late January to February, subject to customary closing conditions, including regulatory approvals.

The liquid identity is a registered trademark of Sony Ericsson Mobile Communications AB. Xperia is a trademark of Sony Ericsson Mobile Communications AB. Sony is a registered trademark of Sony Corporation. Ericsson is a registered trademark of Telefonaktiebolaget LM Ericsson. Any rights not expressly granted herein are reserved and subject to change without prior notice.

**EDITOR S NOTES:**

**Financial statements:**

Consolidated income statement

Consolidated income statement - isolated quarters

Consolidated balance sheet

Consolidated statement of cash flows

Consolidated statement of cash flows - isolated quarters

Net sales by market area by quarter

**About Sony Ericsson**

Sony Ericsson is a 50:50 joint venture between Sony Corporation ( Sony ) and Telefonaktiebolaget LM Ericsson ( Ericsson ). In October 2011 it was announced by Sony and Ericsson that Sony will acquire Ericsson 's stake in the company and that Sony Ericsson will become a wholly-owned subsidiary of Sony. The transaction is expected to close in late January to February, subject to customary closing conditions, including regulatory approvals. Over the years Sony Ericsson has brought together the best communication technologies with superior entertainment user experiences to create its Xperia line of the most entertaining smartphones in the mobile handset industry. With its global corporate functions in London, Sony Ericsson has sales and marketing operations in all major regions of the world, as well as manufacturing in China, and product development sites in China, Japan, Sweden and Silicon Valley, California. For more information, please visit: [www.sonyericsson.com/press](http://www.sonyericsson.com/press).

- ENDS -

**CONTACTS:**

**Ericsson investor relations**

Stefan Jelvin (Stockholm) +46 10 714 2039

**Sony investor relations**

Yoshinori Hashitani (Tokyo) +81 3 6748 2111

Yas Hasegawa (London) +44 20 7426 8696

**Press / Media**

**Sony Ericsson global communications and PR**

Cathy Davies (London) +44 208 762 5879

Holly Rossetti (London) + 44 208 762 5851

Gustaf Brusewitz (London) +44 208 762 5805

*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	Oct-Dec			Jan-Dec		
	2010	2011	Change	2010	2011	Change
Net sales	1 528	1 288	-16%	6 294	5 212	-17%
Cost of sales	-1 069	-985	-8%	-4 440	-3 735	-16%
<b>Gross profit</b>	<b>459</b>	<b>303</b>	<b>-34%</b>	<b>1 853</b>	<b>1 477</b>	<b>-20%</b>
Gross margin %	30%	24%	-6pp	29%	28%	-1pp
Research and development expenses	-191	-268	40%	-746	-815	9%
Selling and administrative expenses	-236	-270	14%	-986	-900	-9%
<b>Operating expenses**</b>	<b>-427</b>	<b>-538</b>	<b>26%</b>	<b>-1 732</b>	<b>-1 715</b>	<b>-1%</b>
Other operating income, net	7	8	14%	38	32	-16%
<b>Operating income</b>	<b>39</b>	<b>-227</b>	<b>-682%</b>	<b>159</b>	<b>-206</b>	<b>-230%</b>
Operating margin %	3%	-18%	-21pp	3%	-4%	-7pp
Financial income	2	4	100%	18	19	6%
Financial expenses	-6	-24	300%	-30	-56	87%
<b>Income before taxes</b>	<b>35</b>	<b>-247</b>	<b>-806%</b>	<b>147</b>	<b>-243</b>	<b>-265%</b>
Taxes	-27	46	-267%	-48	19	-140%
Minority interest	0	-6		-9	-23	156%
<b>Net income</b>	<b>8</b>	<b>-207</b>	<b>-2688%</b>	<b>90</b>	<b>-247</b>	<b>-374%</b>
Number of units shipped (million)	11,2	9,0	-20%	43,1	34,4	-20%
ASP (EUR)	136	143	5%	146	152	4%

EUR million	Oct-Dec		Jan-Dec	
	2010	2011	2010	2011
Restructuring charges				
Cost of sales	2	0	-32	0
Research and development expenses	0	-55	7	-55
Selling and administrative expenses	-5	-38	-17	-38
Total	-3	-93	-42	-93

\* All amounts are according to Swedish GAAP

\*\* Operating expenses in 2010 have been restated to reflect certain organizational changes.

## Sony Ericsson

## CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS\*

EUR million	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	1,405	1,757	1,603	1,528	1,145	1,193	1,586	1,288
Cost of sales	-975	-1,266	-1,130	-1,069	-763	-828	-1,159	-985
<b>Gross profit</b>	<b>429</b>	<b>492</b>	<b>473</b>	<b>459</b>	<b>382</b>	<b>365</b>	<b>427</b>	<b>303</b>
Gross margin %	31%	28%	30%	30%	33%	31%	27%	24%
Research and development expenses	-185	-191	-179	-191	-173	-184	-190	-268
Selling and administrative expenses	-238	-272	-241	-236	-199	-224	-207	-270
<b>Operating expenses**</b>	<b>-423</b>	<b>-463</b>	<b>-420</b>	<b>-427</b>	<b>-372</b>	<b>-408</b>	<b>-397</b>	<b>-538</b>
Other operating income, net	14	7	10	7	10	6	8	8
<b>Operating income</b>	<b>20</b>	<b>36</b>	<b>63</b>	<b>39</b>	<b>19</b>	<b>-37</b>	<b>38</b>	<b>-227</b>
Operating margin %	1%	2%	4%	3%	2%	-3%	2%	-18%
Financial income	7	2	7	2	3	5	7	4
Financial expenses	-9	-7	-8	-6	-8	-10	-14	-24
<b>Income before taxes</b>	<b>18</b>	<b>31</b>	<b>62</b>	<b>35</b>	<b>15</b>	<b>-42</b>	<b>31</b>	<b>-247</b>
Taxes	6	-16	-12	-27	-5	-3	-17	46
Minority interest	-3	-4	-2	0	1	-5	-14	-6
<b>Net income</b>	<b>21</b>	<b>12</b>	<b>49</b>	<b>8</b>	<b>11</b>	<b>-50</b>	<b>0</b>	<b>-207</b>
Number of units shipped (million)	10.5	11.0	10.4	11.2	8.1	7.6	9.5	9.0
ASP (EUR)	134	160	154	136	141	156	166	143

EUR million	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Restructuring charges	2	-33	-3	2				0
Cost of sales	-2	-1	5	0				-55
Research and development expenses	-3	2	-6	-5				-38
Selling and administrative expenses								
Total	-3	-32	-4	-3				-93

\* All amounts are according to Swedish GAAP.

\*\* Operating expenses in 2010 have been restated to reflect certain organizational changes.

## Sony Ericsson

## CONSOLIDATED BALANCE SHEET\*

EUR million	Dec 31 2010	Jun 30 2011	Sep 30 2011	Dec 31 2011
<b>ASSETS</b>				
<b>Total fixed and financial assets</b>	<b>803</b>	<b>819</b>	<b>890</b>	<b>1,122</b>
<b>Current assets</b>				
Inventories	460	570	656	447
Accounts receivable	836	872	1,090	692
Other assets	295	330	408	380
Other short-term cash investments	276	329	301	270
Cash and bank	329	188	165	172
<b>Total current assets</b>	<b>2,196</b>	<b>2,289</b>	<b>2,620</b>	<b>1,961</b>
<b>Total assets</b>	<b>2,999</b>	<b>3,108</b>	<b>3,510</b>	<b>3,083</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>				
Shareholders equity	532	451	507	309
Minority interest	42	43	60	58
<b>Total equity</b>	<b>574</b>	<b>494</b>	<b>567</b>	<b>367</b>
Borrowing, Non Current	100	0	0	0
Other long-term liabilities	32	31	40	44
<b>Total long-term liabilities</b>	<b>132</b>	<b>31</b>	<b>40</b>	<b>44</b>
Accounts payable	769	716	1 050	676
Borrowing, Current	130	769	718	742
Other current liabilities	1,394	1,098	1,135	1,254
<b>Total current liabilities</b>	<b>2,293</b>	<b>2,583</b>	<b>2,903</b>	<b>2,672</b>
<b>Total shareholders equity and liabilities</b>	<b>2,999</b>	<b>3,108</b>	<b>3,510</b>	<b>3,083</b>
Net cash**	375	-252	-252	-300

\* All amounts are according to Swedish GAAP.

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



## Sony Ericsson

## CONSOLIDATED STATEMENT OF CASH FLOWS\*

EUR million	Oct-Dec		Jan-Dec	
	2010	2011	2010	2011
<b>OPERATING</b>				
Net income	8	-207	90	-247
Adjustments to reconcile net income to cash	-50	112	-156	-27
	<b>-42</b>	<b>-95</b>	<b>-65</b>	<b>-274</b>
Changes in operating net assets	-86	69	-183	-276
<b>Cash flow from operating activities</b>	<b>-128</b>	<b>-26</b>	<b>-248</b>	<b>-550</b>
<b>INVESTING</b>				
Investing activities	-18	-19	-4	-113
<b>Cash flow from investing activities</b>	<b>-18</b>	<b>-19</b>	<b>-4</b>	<b>-113</b>
<b>FINANCING</b>				
Financing activities	-178	11	-60	496
<b>Cash flow from financing activities</b>	<b>-178</b>	<b>11</b>	<b>-60</b>	<b>496</b>
<b>Net change in cash</b>	<b>-324</b>	<b>-34</b>	<b>-312</b>	<b>-167</b>
<b>Cash, beginning of period</b>	<b>921</b>	<b>466</b>	<b>878</b>	<b>605</b>
<b>Translation difference in Cash</b>	<b>7</b>	<b>10</b>	<b>38</b>	<b>4</b>
<b>Cash, end of period</b>	<b>605</b>	<b>442</b>	<b>605</b>	<b>442</b>

\* All amounts are according to Swedish GAAP.

## Sony Ericsson

## CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS\*

EUR million	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>OPERATING</b>								
Net income	21	12	49	8	11	-50	0	-207
Adjustments to reconcile net income to cash	-44	4	-66	-50	-137	-29	27	112
	<b>-23</b>	<b>16</b>	<b>-17</b>	<b>-42</b>	<b>-127</b>	<b>-79</b>	<b>27</b>	<b>-95</b>
Changes in operating net assets	-72	13	-38	-86	-226	-145	26	69
<b>Cash flow from operating activities</b>	<b>-94</b>	<b>29</b>	<b>-54</b>	<b>-128</b>	<b>-353</b>	<b>-224</b>	<b>53</b>	<b>-26</b>
<b>INVESTING</b>								
Investing activities	27	-15	2	-18	-14	-21	-58	-19
<b>Cash flow from investing activities</b>	<b>27</b>	<b>-15</b>	<b>2</b>	<b>-18</b>	<b>-14</b>	<b>-21</b>	<b>-58</b>	<b>-19</b>
<b>FINANCING</b>								
Financing activities	150	0	-32	-178	375	165	-56	11
<b>Cash flow from financing activities</b>	<b>150</b>	<b>0</b>	<b>-32</b>	<b>-178</b>	<b>375</b>	<b>165</b>	<b>-56</b>	<b>11</b>
<b>Net change in cash</b>	<b>83</b>	<b>15</b>	<b>-85</b>	<b>-324</b>	<b>8</b>	<b>-80</b>	<b>-61</b>	<b>-34</b>
<b>Cash, beginning of period</b>	<b>878</b>	<b>980</b>	<b>1 039</b>	<b>921</b>	<b>605</b>	<b>599</b>	<b>516</b>	<b>466</b>
<b>Translation difference in Cash</b>	<b>19</b>	<b>45</b>	<b>-33</b>	<b>7</b>	<b>-14</b>	<b>-3</b>	<b>11</b>	<b>10</b>
<b>Cash, end of period</b>	<b>980</b>	<b>1,039</b>	<b>921</b>	<b>605</b>	<b>599</b>	<b>516</b>	<b>466</b>	<b>442</b>

\* All amounts are according to Swedish GAAP.

## Sony Ericsson

## NET SALES BY MARKET AREA BY QUARTER\*

EUR million Isolated quarters	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Europe, Middle East & Africa **	711	876	837	795	485	435	480	571
Americas	201	223	222	205	151	193	121	199
Asia	493	659	544	528	509	565	985	518
<b>Total</b>	<b>1,405</b>	<b>1,757</b>	<b>1,603</b>	<b>1,528</b>	<b>1,145</b>	<b>1,193</b>	<b>1,586</b>	<b>1,288</b>

** of which Western Europe	525	668	632	569	307	323	313	355
----------------------------	-----	-----	-----	-----	-----	-----	-----	-----

Sequential change (%)	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Europe, Middle East & Africa **	-26%	23%	-4%	-5%	-39%	-10%	10%	19%
Americas	-9%	11%	0%	-8%	-26%	28%	-37%	64%
Asia	-12%	34%	-17%	-3%	-4%	11%	74%	-47%
<b>Total</b>	<b>-20%</b>	<b>25%</b>	<b>-9%</b>	<b>-5%</b>	<b>-25%</b>	<b>4%</b>	<b>33%</b>	<b>-19%</b>

** of which Western Europe	-23%	27%	-5%	-10%	-46%	5%	-3%	13%
----------------------------	------	-----	-----	------	------	----	-----	-----

Year over year change (%)	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Europe, Middle East & Africa **	-27%	-6%	-4%	-18%	-32%	-50%	-43%	-28%
Americas	1%	14%	-4%	-8%	-25%	-13%	-45%	-3%
Asia	-12%	17%	6%	-6%	3%	-14%	81%	-2%
<b>Total</b>	<b>-19%</b>	<b>4%</b>	<b>-1%</b>	<b>-13%</b>	<b>-19%</b>	<b>-32%</b>	<b>-1%</b>	<b>-16%</b>

** of which Western Europe	-27%	-1%	-1%	-16%	-42%	-52%	-50%	-38%
----------------------------	------	-----	-----	------	------	------	------	------

Year to date	2010				2011			
	1003	1006	1009	1012	1103	1106	1109	1112
Europe, Middle East & Africa **	711	1,587	2,424	3,219	485	919	1,399	1,970
Americas	201	424	646	851	151	345	466	664
Asia	493	1,152	1,695	2,224	509	1,075	2,060	2,577
<b>Total</b>	<b>1,405</b>	<b>3,162</b>	<b>4,765</b>	<b>6,294</b>	<b>1,145</b>	<b>2,339</b>	<b>3,925</b>	<b>5,211</b>

** of which Western Europe	525	1,193	1,825	2,393	307	630	944	1,298
----------------------------	-----	-------	-------	-------	-----	-----	-----	-------

YTD year over year change (%)	2010				2011			
	1003	1006	1009	1012	1103	1106	1109	1112
Europe, Middle East & Africa **	-27%	-17%	-13%	-14%	-32%	-42%	-42%	-39%
Americas	1%	7%	3%	0%	-25%	-19%	-28%	-22%
Asia	-12%	3%	4%	1%	3%	-7%	22%	16%
<b>Total</b>	<b>-19%</b>	<b>-8%</b>	<b>-5%</b>	<b>-7%</b>	<b>-19%</b>	<b>-26%</b>	<b>-18%</b>	<b>-17%</b>

** of which Western Europe	-27%	-15%	-10%	-12%	-42%	-47%	-48%	-46%
----------------------------	------	------	------	------	------	------	------	------

\* All amounts are according to Swedish GAAP.

**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/ NINA MACPHERSON*  
**Nina Macpherson**  
**Senior Vice President and**  
**General Counsel**

By: */s/ HELENA NORRMAN*  
**Helena Norrman**  
**Senior Vice President**  
**Corporate Communications**

Date: January 19, 2012