

ERICSSON LM TELEPHONE CO  
Form 6-K  
April 19, 2011

# 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 19, 2011

# 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 19, 2011** regarding **Sony Ericsson reports first quarter 2011 results**

## PRESS RELEASE

### Sony Ericsson reports first quarter 2011 results

April 19, 2011

#### Highlights:

**Shift to Android-based smartphone portfolio drives profitability**  
**Smartphone share of total sales more than doubled year-on-year**  
**Xperia arc, Xperia PLAY and Xperia neo began shipping towards the end of the quarter**  
**Some supply chain disruption due to the Japan earthquake**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the first quarter ended March 31, 2011 is as follows:

	Q1 2010	Q4 2010	Q1 2011
Number of units shipped (million)	10.5	11.2	<b>8.1</b>
Average selling price (Euro)	134	136	<b>141</b>
Sales (Euro m.)	1,405	1,528	<b>1,145</b>
Gross margin (%)	31%	30%	<b>33%</b>
Operating income (Euro m.)	20	39	<b>19</b>
Operating margin (%)	1%	3%	<b>2%</b>
Restructuring charges (Euro m.)	-3	-3	-
Operating income excl. restructuring charges (Euro m.)	23	43	<b>19</b>
Operating margin excl. restructuring charges (%)	2%	3%	<b>2%</b>
Income before taxes (IBT) (Euro m.)	18	35	<b>15</b>
IBT excl. restructuring charges (Euro m.)	21	39	<b>15</b>
Net income (Euro m.)	21	8	<b>11</b>

Bert Nordberg, President & CEO of Sony Ericsson commented, "Sony Ericsson's profitability continues as we accelerate our shift towards an Android-based smartphone portfolio, with smartphones comprising over 60% of our total sales during the quarter. Towards the end of the quarter we introduced the highly anticipated Xperia arc and Xperia PLAY, which have been well received by both operators and consumers around the world. However, the Japan earthquake made it a challenging quarter operationally and we are experiencing some disruptions to our supply chain. We will continue to evaluate the situation."

Units shipped during the quarter were 8.1 million, a 23% decrease year-on-year and a 28% decrease sequentially, due to a decline in the number of feature phones shipped, introduction of new products towards the end of the quarter and seasonality.

Average selling price (ASP) for the quarter was Euro 141, a 5% increase year-on-year and a 4% increase sequentially, as a result of product and geographical mix more than offsetting price erosion.

Sales for the quarter were Euro 1,145 million, a 19% decrease year-on-year and 25% decrease sequentially.

The gross margin for the quarter was 33%, an increase of 2 percentage points year-on-year and

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an increase of 3 percentage points sequentially, which includes the impact from higher ASP and benefit of some larger than normal items relating to royalty matters and warranty estimates.

Income before taxes for the quarter was a profit of Euro 15 million, a decrease of Euro 3 million year-on-year and a decrease of Euro 20 million sequentially, with the impact of lower sales offset by higher gross margin percentage and lower operating expenses.

Net income for the quarter was Euro 11 million, a decrease of Euro 10 million compared to the same period previous year which included a tax benefit. Net income increased Euro 3 million sequentially, despite a decline in income before taxes of Euro 20 million, reflective of a lower effective tax rate.

Cash flow from operating activities during the quarter was negative Euro 353 million, mainly due to inventory investments, non cash items in the income statement and seasonality. New external borrowings of Euro 375 million were made during the quarter to enhance liquidity and growth, resulting in total borrowings of Euro 604 million at the end of the quarter. Total cash balances at March 31, 2011 amounted to Euro 599 million.

Sony Ericsson estimates that its market share for smartphones during the quarter was approximately 5% in units and approximately 3% in value.

Sony Ericsson forecasts modest growth in total units in the global handset market for 2011.

**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 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 celebrates its 10th year as a joint venture between Sony Corporation and Ericsson in October, 2011. 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:**

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*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.*

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## Sony Ericsson

## CONSOLIDATED INCOME STATEMENT

EUR million	2010	Jan-Mar 2011	Change
Net sales	1,405	1,145	-19%
Cost of sales	-975	-763	-22%
<b>Gross profit</b>	<b>429</b>	<b>382</b>	<b>-11%</b>
Gross margin %	31%	33%	2%
Research and development expenses	-185	-173	-6%
Selling and administrative expenses	-238	-199	-16%
<b>Operating expenses*</b>	<b>-423</b>	<b>-372</b>	<b>-12%</b>
Other operating income, net	14	10	-29%
<b>Operating income</b>	<b>20</b>	<b>19</b>	<b>-5%</b>
Operating margin %	1%	2%	1%
Financial income	7	3	-57%
Financial expenses	-9	-8	-11%
<b>Income before taxes</b>	<b>18</b>	<b>15</b>	<b>-17%</b>
Taxes	6	-5	
Minority interest	-3	1	
<b>Net income</b>	<b>21</b>	<b>11</b>	<b>-48%</b>
Number of units shipped (million)	10.5	8.1	-23%
ASP (EUR)	134	141	5%
EUR million	<b>Jan-Mar 2010</b>	<b>Jan-Mar 2011</b>	
Restructuring charges	2	-	
Cost of sales	-2	-	
Research and development expenses	-3	-	
Selling and administrative expenses	-3	-	
Total	-3	-	

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

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## Sony Ericsson

## CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

EUR million	2010				2011
	Q1	Q2	Q3	Q4	Q1
Net sales	1,405	1,757	1,603	1,528	1,145
Cost of sales	-975	-1,266	-1,130	-1,069	-763
<b>Gross profit</b>	<b>429</b>	<b>492</b>	<b>473</b>	<b>459</b>	<b>382</b>
Gross margin %	31%	28%	30%	30%	33%
Research and development expenses	-185	-191	-179	-191	-173
Selling and administrative expenses	-238	-272	-241	-236	-199
<b>Operating expenses*</b>	<b>-423</b>	<b>-463</b>	<b>-420</b>	<b>-427</b>	<b>-372</b>
Other operating income, net	14	7	10	7	10
<b>Operating income</b>	<b>20</b>	<b>36</b>	<b>63</b>	<b>39</b>	<b>19</b>
Operating margin %	1%	2%	4%	3%	2%
Financial income	7	2	7	2	3
Financial expenses	-9	-7	-8	-6	-8
<b>Income before taxes</b>	<b>18</b>	<b>31</b>	<b>62</b>	<b>35</b>	<b>15</b>
Taxes	6	-16	-12	-27	-5
Minority interest	-3	-4	-2	0	1
<b>Net income</b>	<b>21</b>	<b>12</b>	<b>49</b>	<b>8</b>	<b>11</b>
Number of units shipped (million)	10.5	11.0	10.4	11.2	8.1
ASP (EUR)	134	160	154	136	141
<b>EUR million</b>	<b>2010</b>				<b>2011</b>
Restructuring charges	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>
Cost of sales	2	-33	-3	2	-
Research and development expenses	-2	-1	5	0	-
Selling and administrative expenses	-3	2	-6	-5	-
Total	-3	-32	-4	-3	-

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

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## Sony Ericsson

## CONSOLIDATED BALANCE SHEET

EUR million	Mar 31 2010	Dec 31 2010	Mar 31 2011
<b>ASSETS</b>			
<b>Total fixed and financial assets</b>	<b>791</b>	<b>803</b>	<b>791</b>
<b>Current assets</b>			
Inventories	384	460	510
Accounts receivable	849	836	755
Other assets	369	295	304
Other short-term cash investments	537	276	417
Cash and bank	443	329	182
<b>Total current assets</b>	<b>2,582</b>	<b>2,196</b>	<b>2,168</b>
<b>Total assets</b>	<b>3,373</b>	<b>2,999</b>	<b>2,959</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
Shareholders' equity	438	532	496
Minority interest	54	42	38
<b>Total equity</b>	<b>492</b>	<b>574</b>	<b>534</b>
Borrowing, Non Current	100	100	0
Other long-term liabilities	37	32	30
<b>Total long-term liabilities</b>	<b>137</b>	<b>132</b>	<b>30</b>
Accounts payable	829	769	701
Borrowing, Current	316	130	604
Other current liabilities	1,599	1,394	1,090
<b>Total current liabilities</b>	<b>2,744</b>	<b>2,293</b>	<b>2,394</b>
<b>Total shareholders' equity and liabilities</b>	<b>3,373</b>	<b>2,999</b>	<b>2,959</b>
Net cash*	563	375	-5

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

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## Sony Ericsson

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Jan-Mar	
	2010	2011
<b>OPERATING</b>		
Net income	21	11
Adjustments to reconcile net income to cash	-44	-137
	<b>-23</b>	<b>-127</b>
Changes in operating net assets	-72	-226
<b>Cash flow from operating activities</b>	<b>-94</b>	<b>-353</b>
<b>INVESTING</b>		
Investing activities	27	-14
<b>Cash flow from investing activities</b>	<b>27</b>	<b>-14</b>
<b>FINANCING</b>		
Financing activities	150	375
<b>Cash flow from financing activities</b>	<b>150</b>	<b>375</b>
<b>Net change in cash</b>	<b>83</b>	<b>8</b>
<b>Cash, beginning of period</b>	<b>878</b>	<b>605</b>
<b>Translation difference in Cash</b>	<b>19</b>	<b>-14</b>
<b>Cash, end of period</b>	<b>980</b>	<b>599</b>

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## CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

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

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## Sony Ericsson

## NET SALES BY MARKET AREA BY QUARTER

EUR million	2010				2011
<b>Isolated quarters</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>
Europe, Middle East & Africa *	711	876	837	795	485
Americas	201	223	222	205	151
Asia	493	659	544	528	509
<b>Total</b>	<b>1,405</b>	<b>1,757</b>	<b>1,603</b>	<b>1,528</b>	<b>1,145</b>
* of which Western Europe	525	668	632	569	307
<b>Sequential change (%)</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>
Europe, Middle East & Africa *	-26%	23%	-4%	-5%	-39%
Americas	-9%	11%	0%	-8%	-26%
Asia	-12%	34%	-17%	-3%	-4%
<b>Total</b>	<b>-20%</b>	<b>25%</b>	<b>-9%</b>	<b>-5%</b>	<b>-25%</b>
* of which Western Europe	-23%	27%	-5%	-10%	-46%
<b>Year over year change (%)</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>
Europe, Middle East & Africa *	-27%	-6%	-4%	-18%	-32%
Americas	1%	14%	-4%	-8%	-25%
Asia	-12%	17%	6%	-6%	3%
<b>Total</b>	<b>-19%</b>	<b>4%</b>	<b>-1%</b>	<b>-13%</b>	<b>-19%</b>
* of which Western Europe	-27%	-1%	-1%	-16%	-42%
<b>Year to date</b>	<b>1003</b>	<b>1006</b>	<b>1009</b>	<b>1012</b>	<b>1103</b>
Europe, Middle East & Africa *	711	1,587	2,424	3,219	485
Americas	201	424	646	851	151
Asia	493	1,152	1,695	2,224	509
<b>Total</b>	<b>1,405</b>	<b>3,162</b>	<b>4,765</b>	<b>6,294</b>	<b>1,145</b>
* of which Western Europe	525	1,193	1,825	2,393	307
<b>YTD year over year change (%)</b>	<b>1003</b>	<b>1006</b>	<b>1009</b>	<b>1012</b>	<b>1103</b>
Europe, Middle East & Africa *	-27%	-17%	-13%	-14%	-32%
Americas	1%	7%	3%	0%	-25%
Asia	-12%	3%	4%	1%	3%
<b>Total</b>	<b>-19%</b>	<b>-8%</b>	<b>-5%</b>	<b>-7%</b>	<b>-19%</b>
* of which Western Europe	-27%	-15%	-10%	-12%	-42%

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**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/ HENRY STÉNSON*  
**Henry Sténson**  
**Senior Vice President**  
**Corporate Communications**

Date: **April 19, 2011**