

ERICSSON LM TELEPHONE CO
Form 6-K
July 12, 2007

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

July 11, 2007

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 July 11, 2007 regarding Sony Ericsson continues profitable growth and market share gains .

PRESS RELEASE

July 11, 2007

Sony Ericsson continues profitable growth and market share gains

Q2 Highlights:**Continued strong year-on-year volume growth of 59%****Income before tax grew 55% year-on-year to 327 million****Walkman® phone sales of 9 million in quarter sustain leadership in music phones****Expanded portfolio continues to generate market share gains**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the second quarter ended June 30, 2007 is as follows:

| | Q2 2006 | Q1 2007 | Q2 2007 |
|--|---------|---------|---------|
| Number of units shipped (million) | 15.7 | 21.8 | 24.9 |
| Sales (Euro m.) | 2,272 | 2,925 | 3,112 |
| Gross Margin (%) | 28.5% | 30.3% | 29.6% |
| Operating Income (Euro m.) | 203 | 346 | 315 |
| Operating Income (%) | 8.9% | 11.8% | 10.1% |
| Income before taxes (Euro m.) | 211 | 362 | 327 |
| Net income (Euro m.) | 143 | 254 | 220 |
| Average Sales Price (Euro) | 145 | 134 | 125 |

Units shipped in the quarter reached 24.9 million, a 59% increase compared to the same period last year, generating both year-on-year and sequential market share gains. Sales for the quarter were Euro 3,112 million, representing a year-on-year increase of 37%. Income before taxes for the quarter was Euro 327 million, representing a year-on-year increase of 55%. Net income for the quarter was Euro 220 million. In line with Sony Ericsson expectations, the increase in Q2 in low and mid-tier priced phones in the product portfolio resulted in a decline in ASP to Euro 125.

Sony Ericsson has continued to capture market share in a more competitive market place with a product offering that addresses a wider consumer audience than ever before. Our financial results for Q2 2007 reflect our direction to build our brand in key imaging, music and multimedia categories with a portfolio that includes more competitively priced phones, said Miles Flint, President of Sony Ericsson. We expect the market in 2007 to remain competitive, but with recently announced products such as the flag-ship Walkman® and Cyber-shot models we aim to continue to grow faster than the market.

During the quarter Sony Ericsson continued to capture market share in Latin America, Western Europe and CEEMEA (Central and Eastern Europe, Middle East, Africa) due to low and mid-tier feature phones such as the W300 and W200 Walkman® phones and the K310 and Z310 phones. At the same time, the company continued to strengthen its product line up by announcing a large number of new products across a variety of price points, including the K850, an HSDPA, 5 mega-pixel flag-ship Cyber-shot phone, and the W960, a high-end Walkman® phone with 8GB of on-board storage.

Following an announcement in January that Sony Ericsson would start the local manufacture of phones in India through its global manufacturing partners Flextronics and Foxconn, in Q2 the company extended its commitment to this important and rapidly growing market by announcing plans to establish its own research and development unit in Chennai later in the year.

In Q2 new trademark royalty fees were agreed with the parent companies, and these additional expenses were recorded for the first time in the second quarter.

Sony Ericsson forecasts that the 2007 global handset market will be above 1.1 billion units. The company grew market share in Q2 2007 around 3 percentage points to well over 9% compared with the same period last year.

WALKMAN® and Cyber-shot are trademarks or registered trademarks of Sony Corporation.

EDITOR S NOTES:

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Financial Statements:

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Net Sales by Market Area by Quarter

- ENDS -

Sony Ericsson Mobile Communications serves the global communications market with innovative and feature-rich mobile phones, accessories and PC-cards. Established as a joint venture by Sony and Ericsson in 2001, with global corporate functions located in London, including R&D sites in Europe, Japan, China and America, Sony Ericsson celebrated the 5th anniversary of the start of the joint venture on 1st October, 2006. Sony Ericsson is the global title sponsor of the Women's Tennis Association, and works with the Association to promote the Sony Ericsson WTA Tour in over 80 cities during the year. For more information on Sony Ericsson, please visit www.sonyericsson.com

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This press release contains forward-looking statements that involve inherent risks and uncertainties. We have 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 | 2007 | Apr-Jun 2006 | Change |
|-------------------------------------|-------------|-----------------|------------|
| Net sales | 3,112 | 2,272 | 37% |
| Cost of sales | -2,192 | -1,625 | 35% |
| Gross profit | 921 | 647 | 42% |
| Gross margin% | 29.6% | 28.5% | 1% |
| Research and development expenses | -283 | -223 | 27% |
| Selling and administrative expenses | -321 | -246 | 30% |
| Operating expenses | -604 | -470 | 29% |
| Other operating income, net | -2 | 26 | -106% |
| Operating income | 315 | 203 | 55% |
| Operating margin% | 10.1% | 8.9% | 1% |
| Financial income | 18 | 8 | 120% |
| Financial expenses | -6 | 0 | - |
| Income after financial items | 327 | 211 | 55% |
| Taxes | -97 | -64 | 53% |
| Minority interest | -10 | -5 | 112% |
| Net income | 220 | 143 | 54% |
| Number of units shipped (million) | 24.9 | 15.7 | 59% |
| ASP (EUR) | 125 | 145 | -14% |

Sony Ericsson

CONSOLIDATED INCOME STATEMENT

| EUR million | 2007 | Jan-Jun 2006 | Change |
|-------------------------------------|---------------|-----------------|------------|
| Net sales | 6,037 | 4,264 | 42% |
| Cost of sales | -4,231 | -3,094 | 37% |
| Gross profit | 1,806 | 1,170 | 54% |
| Gross margin% | 29.9% | 27.4% | 2% |
| Research and development expenses | -544 | -425 | 28% |
| Selling and administrative expenses | -605 | -433 | 40% |
| Operating expenses | -1,149 | -858 | 34% |
| Other operating income, net | 4 | 34 | -89% |
| Operating income | 662 | 346 | 91% |
| Operating margin% | 11.0% | 8.1% | 3% |
| Financial income | 36 | 17 | 115% |
| Financial expenses | -9 | 0 | |
| Income after financial items | 689 | 363 | 90% |
| Taxes | -197 | -98 | 102% |
| Minority interest | -18 | -13 | 40% |
| Net income | 474 | 252 | 88% |
| Number of units shipped (million) | 46.7 | 29.0 | 61% |
| ASP (EUR) | 129 | 147 | -12% |

Sony Ericsson

CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

| EUR million | 2007 | | | 2006 | | |
|-------------------------------------|-------------|-------------|--------------|-------------|-------------|-------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 3,112 | 2,925 | 3,782 | 2,913 | 2,272 | 1,992 |
| Cost of sales | -2,192 | -2,039 | -2,686 | -1,995 | -1,625 | -1,469 |
| Gross profit | 921 | 886 | 1,096 | 917 | 647 | 524 |
| Gross margin % | 29.6% | 30.3% | 29.0% | 31.5% | 28.5% | 26.3% |
| Research and development expenses | -283 | -261 | -256 | -225 | -223 | -202 |
| Selling and administrative expenses | -321 | -284 | -367 | -287 | -246 | -186 |
| Operating expenses | -604 | -545 | -623 | -511 | -470 | -388 |
| Other operating income, net | -2 | 5 | 10 | 21 | 26 | 7 |
| Operating income | 315 | 346 | 484 | 427 | 203 | 143 |
| Operating margin % | 10.1% | 11.8% | 12.8% | 14.6% | 8.9% | 7.2% |
| Financial income | 18 | 18 | 19 | 8 | 8 | 9 |
| Financial expenses | -6 | -2 | 0 | -1 | 0 | 0 |
| Income after financial items | 327 | 362 | 502 | 433 | 211 | 151 |
| Taxes | -97 | -100 | -43 | -127 | -64 | -34 |
| Minority interest | -10 | -9 | -12 | -8 | -5 | -9 |
| Net income | 220 | 254 | 447 | 298 | 143 | 109 |
| Number of units shipped (million) | 24.9 | 21.8 | 26.0 | 19.8 | 15.7 | 13.3 |
| ASP (EUR) | 125 | 134 | 146 | 147 | 145 | 149 |

Sony Ericsson

CONSOLIDATED BALANCE SHEET

| EUR million | Jun 30 2007 | Mar 31 2007 | Dec 31 2006 | Jun 30 2006 |
|--|-------------------|----------------|----------------|----------------|
| ASSETS | | | | |
| Total fixed and financial assets | 498 | 495 | 469 | 311 |
| Current assets | | | | |
| Inventories | 477 | 498 | 437 | 318 |
| Accounts receivables | 1,831 | 1,566 | 1,653 | 1,101 |
| Other assets | 845 | 859 | 310 | 196 |
| Other short-term cash investments | 1,071 | 1,376 | 1,580 | 897 |
| Cash and bank | 659 | 668 | 693 | 698 |
| Total current assets | 4,882 | 4,968 | 4,673 | 3,210 |
| Total assets | 5,380 | 5,463 | 5,141 | 3,521 |
| SHAREHOLDERS EQUITY AND LIABILITIES | | | | |
| Shareholders equity | 1,702 | 2,033 | 1,781 | 1,048 |
| Minority interest | 63 | 55 | 45 | 59 |
| Total equity | 1,764 | 2,088 | 1,826 | 1,106 |
| Total long-term liabilities | | | | |
| | 21 | 22 | 20 | 17 |
| Accounts payable | 1,371 | 1,316 | 1,276 | 954 |
| Other current liabilities | 2,224 | 2,037 | 2,019 | 1,444 |
| Total current liabilities | 3,595 | 3,353 | 3,296 | 2,398 |
| Total shareholders equity and liabilities | 5,380 | 5,463 | 5,141 | 3,521 |
| Net cash* | 1,729 | 2,045 | 2,272 | 1,556 |

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR million | Apr-Jun | |
|---|--------------|--------------|
| | 2007 | 2006 |
| OPERATIONS | | |
| Net income | 220 | 143 |
| Adjustments to reconcile net income to cash | 30 | 22 |
| | 250 | 165 |
| Changes in operating net assets | 16 | 18 |
| Cash flow from operating activities | 266 | 183 |
| INVESTMENTS | | |
| Investing activities | -31 | -29 |
| Cash flow from investing activities | -31 | -29 |
| FINANCING | | |
| Financing activities | - 548 | 26 |
| Cash flow from financing activities | -548 | 26 |
| Net change in cash | -312 | 180 |
| Cash, beginning of period | 2,045 | 1,428 |
| Translation difference in Cash | -3 | -13 |
| Cash, end of period | 1,730 | 1,595 |

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CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR million | Jan-Jun | |
|---|--------------|--------------|
| | 2007 | 2006 |
| OPERATIONS | | |
| Net income | 474 | 252 |
| Adjustments to reconcile net income to cash | 58 | 42 |
| | 532 | 294 |
| Changes in operating net assets | -437 | 71 |
| Cash flow from operating activities | 95 | 365 |
| INVESTMENTS | | |
| Investing activities | -85 | -72 |
| Cash flow from investing activities | -85 | -72 |
| FINANCING | | |
| Financing activities | - 548 | -210 |
| Cash flow from financing activities | -548 | -210 |
| Net change in cash | -538 | 83 |
| Cash, beginning of period | 2,273 | 1,537 |
| Translation difference in Cash | -5 | -25 |
| Cash, end of period | 1,730 | 1,595 |

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CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

| EUR million | Apr-Jun 2007 | Jan-Mar 2007 | Oct - Dec 2006 | Jul-Sep 2006 | Apr-Jun 2006 | Jan-Mar 2006 |
|---|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| OPERATIONS | | | | | | |
| Net income | 220 | 254 | 447 | 298 | 143 | 109 |
| Adjustments to reconcile net income to cash | 30 | 28 | 23 | 20 | 22 | 20 |
| | 250 | 282 | 470 | 318 | 165 | 129 |
| Changes in operating net assets | 16 | -454 | 50 | -21 | 18 | 53 |
| Cash flow from operating activities | 266 | -172 | 520 | 297 | 183 | 182 |
| INVESTMENTS | | | | | | |
| Investing activities | -31 | -53 | -26 | -36 | -29 | -43 |
| Cash flow from investing activities | -31 | -53 | -26 | -36 | -29 | -43 |
| FINANCING | | | | | | |
| Financing activities | - 548 | - 1 | - 66 | - 2 | 26 | - 236 |
| Cash flow from financing activities | -548 | -1 | -66 | -2 | 26 | -236 |
| Net change in cash | -312 | -226 | 428 | 259 | 180 | -97 |
| Cash, beginning of period | 2,045 | 2,273 | 1,861 | 1,595 | 1,428 | 1,537 |
| Translation difference in Cash | -3 | -2 | -16 | 7 | -13 | -12 |
| Cash, end of period | 1,730 | 2,045 | 2,273 | 1,861 | 1,595 | 1,428 |

Sony Ericsson

NET SALES BY MARKET AREA BY QUARTER

| EUR million | 2007 | | | 2006 | | |
|--------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Isolated quarters | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Europe, Middle East & Africa * | 1,729 | 1,598 | 2,145 | 1,600 | 1,090 | 1,029 |
| Americas | 499 | 365 | 555 | 417 | 328 | 250 |
| Asia | 885 | 961 | 1,082 | 896 | 853 | 713 |
| Total | 3,112 | 2,925 | 3,782 | 2,913 | 2,272 | 1,992 |
| * of which Western Europe | 1,102 | 1,078 | 1,478 | 1,115 | 748 | 674 |
| | 2007 | | | 2006 | | |
| Sequential change (%) | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Europe, Middle East & Africa * | 8% | -26% | 34% | 47% | 6% | -27% |
| Americas | 37% | -34% | 33% | 27% | 31% | -19% |
| Asia | -8% | -11% | 21% | 5% | 20% | 20% |
| Total | 6% | -23% | 30% | 28% | 14% | -14% |
| * of which Western Europe | 2% | -27% | 33% | 49% | 11% | -35% |
| | 2007 | | | 2006 | | |
| Year over year change (%) | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Europe, Middle East & Africa * | 59% | 55% | 52% | 35% | 43% | 71% |
| Americas | 52% | 46% | 79% | 77% | 53% | 53% |
| Asia | 4% | 35% | 83% | 42% | 33% | 36% |
| Total | 37% | 47% | 64% | 42% | 41% | 55% |
| * of which Western Europe | 47% | 60% | 45% | 33% | 42% | 84% |
| | 2007 | | | 2006 | | |
| Year to date | 0706 | 0703 | 0612 | 0609 | 0606 | 0603 |
| Europe, Middle East & Africa * | 3,328 | 1,598 | 5,865 | 3,720 | 2,120 | 1,029 |
| Americas | 864 | 365 | 1,550 | 995 | 578 | 250 |
| Asia | 1,846 | 961 | 3,544 | 2,462 | 1,566 | 713 |
| Total | 6,037 | 2,925 | 10,959 | 7,177 | 4,264 | 1,992 |
| * of which Western Europe | 2,179 | 1,078 | 4,014 | 2,537 | 1,422 | 674 |
| | 2007 | | | 2006 | | |
| YTD year over year change (%) | 0706 | 0703 | 0612 | 0609 | 0606 | 0603 |
| Europe, Middle East & Africa * | 57% | 55% | 48% | 46% | 56% | 71% |
| Americas | 49% | 46% | 68% | 62% | 53% | 53% |
| Asia | 18% | 35% | 48% | 37% | 35% | 36% |
| Total | 42% | 47% | 51% | 45% | 47% | 55% |

| | | | | | | |
|---------------------------|-----|-----|-----|-----|-----|-----|
| * of which Western Europe | 53% | 60% | 46% | 46% | 59% | 84% |
|---------------------------|-----|-----|-----|-----|-----|-----|

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: July 11, 2007