

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)

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

* 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.

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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.

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% |
| Gross profit | 459 | 303 | -34% | 1 853 | 1 477 | -20% |
| 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% |
| Operating expenses** | -427 | -538 | 26% | -1 732 | -1 715 | -1% |
| Other operating income, net | 7 | 8 | 14% | 38 | 32 | -16% |
| Operating income | 39 | -227 | -682% | 159 | -206 | -230% |
| Operating margin % | 3% | -18% | -21pp | 3% | -4% | -7pp |
| Financial income | 2 | 4 | 100% | 18 | 19 | 6% |
| Financial expenses | -6 | -24 | 300% | -30 | -56 | 87% |
| Income before taxes | 35 | -247 | -806% | 147 | -243 | -265% |
| Taxes | -27 | 46 | -267% | -48 | 19 | -140% |
| Minority interest | 0 | -6 | | -9 | -23 | 156% |
| Net income | 8 | -207 | -2688% | 90 | -247 | -374% |
| 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 |
| Gross profit | 429 | 492 | 473 | 459 | 382 | 365 | 427 | 303 |
| 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 |
| Operating expenses** | -423 | -463 | -420 | -427 | -372 | -408 | -397 | -538 |
| Other operating income, net | 14 | 7 | 10 | 7 | 10 | 6 | 8 | 8 |
| Operating income | 20 | 36 | 63 | 39 | 19 | -37 | 38 | -227 |
| 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 |
| Income before taxes | 18 | 31 | 62 | 35 | 15 | -42 | 31 | -247 |
| Taxes | 6 | -16 | -12 | -27 | -5 | -3 | -17 | 46 |
| Minority interest | -3 | -4 | -2 | 0 | 1 | -5 | -14 | -6 |
| Net income | 21 | 12 | 49 | 8 | 11 | -50 | 0 | -207 |
| 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 |
|--|----------------|----------------|----------------|----------------|
| ASSETS | | | | |
| Total fixed and financial assets | 803 | 819 | 890 | 1,122 |
| Current assets | | | | |
| 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 |
| Total current assets | 2,196 | 2,289 | 2,620 | 1,961 |
| Total assets | 2,999 | 3,108 | 3,510 | 3,083 |
| SHAREHOLDERS EQUITY AND LIABILITIES | | | | |
| Shareholders equity | 532 | 451 | 507 | 309 |
| Minority interest | 42 | 43 | 60 | 58 |
| Total equity | 574 | 494 | 567 | 367 |
| Borrowing, Non Current | 100 | 0 | 0 | 0 |
| Other long-term liabilities | 32 | 31 | 40 | 44 |
| Total long-term liabilities | 132 | 31 | 40 | 44 |
| Accounts payable | 769 | 716 | 1 050 | 676 |
| Borrowing, Current | 130 | 769 | 718 | 742 |
| Other current liabilities | 1,394 | 1,098 | 1,135 | 1,254 |
| Total current liabilities | 2,293 | 2,583 | 2,903 | 2,672 |
| Total shareholders equity and liabilities | 2,999 | 3,108 | 3,510 | 3,083 |
| 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 |
| OPERATING | | | | |
| Net income | 8 | -207 | 90 | -247 |
| Adjustments to reconcile net income to cash | -50 | 112 | -156 | -27 |
| | -42 | -95 | -65 | -274 |
| Changes in operating net assets | -86 | 69 | -183 | -276 |
| Cash flow from operating activities | -128 | -26 | -248 | -550 |
| INVESTING | | | | |
| Investing activities | -18 | -19 | -4 | -113 |
| Cash flow from investing activities | -18 | -19 | -4 | -113 |
| FINANCING | | | | |
| Financing activities | -178 | 11 | -60 | 496 |
| Cash flow from financing activities | -178 | 11 | -60 | 496 |
| Net change in cash | -324 | -34 | -312 | -167 |
| Cash, beginning of period | 921 | 466 | 878 | 605 |
| Translation difference in Cash | 7 | 10 | 38 | 4 |
| Cash, end of period | 605 | 442 | 605 | 442 |

* 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 |
| OPERATING | | | | | | | | |
| 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 |
| | -23 | 16 | -17 | -42 | -127 | -79 | 27 | -95 |
| Changes in operating net assets | -72 | 13 | -38 | -86 | -226 | -145 | 26 | 69 |
| Cash flow from operating activities | -94 | 29 | -54 | -128 | -353 | -224 | 53 | -26 |
| INVESTING | | | | | | | | |
| Investing activities | 27 | -15 | 2 | -18 | -14 | -21 | -58 | -19 |
| Cash flow from investing activities | 27 | -15 | 2 | -18 | -14 | -21 | -58 | -19 |
| FINANCING | | | | | | | | |
| Financing activities | 150 | 0 | -32 | -178 | 375 | 165 | -56 | 11 |
| Cash flow from financing activities | 150 | 0 | -32 | -178 | 375 | 165 | -56 | 11 |
| Net change in cash | 83 | 15 | -85 | -324 | 8 | -80 | -61 | -34 |
| Cash, beginning of period | 878 | 980 | 1 039 | 921 | 605 | 599 | 516 | 466 |
| Translation difference in Cash | 19 | 45 | -33 | 7 | -14 | -3 | 11 | 10 |
| Cash, end of period | 980 | 1,039 | 921 | 605 | 599 | 516 | 466 | 442 |

* 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 |
| Total | 1,405 | 1,757 | 1,603 | 1,528 | 1,145 | 1,193 | 1,586 | 1,288 |

| | | | | | | | | |
|----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| ** 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% |
| Total | -20% | 25% | -9% | -5% | -25% | 4% | 33% | -19% |

| | | | | | | | | |
|----------------------------|------|-----|-----|------|------|----|-----|-----|
| ** 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% |
| Total | -19% | 4% | -1% | -13% | -19% | -32% | -1% | -16% |

| | | | | | | | | |
|----------------------------|------|-----|-----|------|------|------|------|------|
| ** 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 |
| Total | 1,405 | 3,162 | 4,765 | 6,294 | 1,145 | 2,339 | 3,925 | 5,211 |

| | | | | | | | | |
|----------------------------|-----|-------|-------|-------|-----|-----|-----|-------|
| ** 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% |
| Total | -19% | -8% | -5% | -7% | -19% | -26% | -18% | -17% |

| | | | | | | | | |
|----------------------------|------|------|------|------|------|------|------|------|
| ** 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