

ERICSSON LM TELEPHONE CO

Form 6-K

April 20, 2007

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

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### REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

April 20, 2007

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## LM ERICSSON TELEPHONE COMPANY

(Translation of registrant's name into English)

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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

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Announcement of LM Ericsson Telephone company, dated April 20, 2007 regarding Sony Ericsson starts 2007 with strong first quarter .

**PRESS RELEASE**

April 20, 2007

**Sony Ericsson starts 2007 with strong first quarter****Q1 Highlights:**

Year-on-year volume & sales growth of 63% and 47% respectively

Income before tax rose 139% year-on-year to 362 million

W880 further strengthens Walkman® phone sales

Low and mid-tier products generating market share gains year-on-year

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the first quarter ended March 31, 2007 is as follows:

	Q1 2006	Q4 2006	Q1 2007
<b>Number of units shipped (million)</b>	13.3	26.0	21.8
<b>Sales (Euro m.)</b>	1,992	3,782	2,925
<b>Gross Margin %</b>	26.3%	29.0%	30.3%
<b>Operating Income (Euro m.)</b>	143	484	346
<b>Operating Margin %</b>	7.2%	12.8%	11.8%
<b>Income Before Taxes (Euro m.)</b>	151	502	362
<b>Net income (Euro m.)</b>	109	447	254
<b>Average Sales Price (Euro)</b>	149	146	134

Beginning this quarter Sony Ericsson is expanding its financial disclosure. More information can be found at the end of this report. This decision was made as a result of the company's continuing growth and in consultation with the parent companies.

Units shipped in the quarter reached 21.8 million, a 63% increase compared to the same period last year, generating significant year-on-year market share gains and continuing the momentum of 2006. Sales for the quarter were Euro 2,925 million, representing a year-on-year increase of 47%. Income before taxes for the quarter was Euro 362 million representing a year-on-year increase of 139%. Net income for the quarter was Euro 254 million. ASP decreased to Euro 134 as we continue to expand our product portfolio successfully with mid-tier and with more competitively priced phones.

Sony Ericsson has made a very positive start to the year selling 63% more phones in the first quarter than a year ago. The strong sales and solid financial performance demonstrate a continuation of the momentum we established last year, said Miles Flint, President of Sony Ericsson. We have announced a number of exciting new products during the quarter many of which are already shipping and have been well received by consumers. The company continues to develop hit model products with a clear consumer proposition that appeals to operators, and then rapidly ramp-up volume to meet market demand, he added.

Sony Ericsson continued to build on the success of 2006 with strong growth in Asia Pacific, Latin America and Europe. The company captured market share in these markets through low and mid-tier products such as the W300 and W200 Walkman® phones and the K310 camera phone without undermining profitability. Margins improved year-on-year despite the increased proportion of mid and low tier products in the line-up illustrating management's focus on controlling cost and maintaining margins while expanding Sony Ericsson's appeal to a wider market.



Sony Ericsson also announced a number of attractive new products during the quarter, including two new Cyber-shot phones, five additional Walkman® models across a variety of price points to further strengthen its unique music offering, and its first HSDPA handset aimed primarily at the North American market.

In February in Japan Sony Ericsson started shipping the SO703i, a mobile phone with selectable Style-Up panels that include a scented sheet to match the panel's design, for NTT DoCoMo, and the W51S, a new clam-shell phone with illuminated icons, for au (KDDI). Both phones were well received by consumers.

During the quarter Sony Ericsson made a number of strategic announcements:

Following the rapid growth in sales in the Asia Pacific region, the company announced plans to start manufacturing phones in India through its global manufacturing partners, Flextronics and Foxconn.

In February Sony Ericsson announced it had completed the acquisition of the Swedish software company UIQ Technology AB, and established a separate holding company, UIQ Holdings, to manage the business.

In March Sony Ericsson signed licensing and development agreements concerning entry-level GSM, GPRS and EDGE mobile phones with Sagem Communication (SAFRAN Group). Through this co-operation, Sony Ericsson will be able to strengthen its position in the entry level area of the market.

Sony Ericsson forecasts that the 2007 global handset market will be above 1.1 billion units. The company believes that in Q1 2007 it grew market share around 2 percentage points compared with the same period last year to over 8%.

Sony Ericsson will make a total payment of Euro 848 million to its parent companies in 2007 in the form of dividends, or both a dividend and a capital redemption.

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

Style-Up is a trademark or a registered trademark of Sony Ericsson Mobile Communications AB.

- ENDS -

**EDITOR'S NOTES:**

Financial Statements and Additional Information:

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

Additional Information:

Net Sales by Market Area by Quarter

*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, the company employs over 7,500 people worldwide, 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](http://www.sonyericsson.com)*

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**Sony Ericsson Media and Analyst Conference Call - Q1 2007 Business Update**

**20 April , 2007** (following Q1 07 Results released at 7:30 am UK time hosted by Miles Flint, President of Sony Ericsson Mobile Communications

8:00 am UK time

9:00 am Central European time (CET)

3:00 am Eastern Time US (EST)

4:00 pm Japan time (JST)

**Webcast:**

A live webcast of the conference call will be available at <http://www.ericsson.com/ericsson/investors/>

Or please click here to join the webcast directly:

<http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=181700&eventID=1522431>

The archived webcast will be available approximately 1 hour after the completion of the conference call.

**Call-in Numbers:**

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Sweden: +46 (0) 8 5876 9445

US: +1 718 354 1158

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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	Jan-March 2006	Change
Net sales	2,925	1,992	47%
Cost of sales	-2,039	-1,469	39%
<b>Gross margin</b>	<b>886</b>	<b>524</b>	<b>69%</b>
Gross margin %	30.3%	26.3%	4%
Research and development expenses	-261	-202	29%
Selling and administrative expenses	-284	-186	52%
<b>Operating expenses</b>	<b>-545</b>	<b>-388</b>	<b>40%</b>
Other operating income, net	5	7	-30%
<b>Operating income</b>	<b>346</b>	<b>143</b>	<b>142%</b>
Operating margin %	11.8%	7.2%	5%
Financial income	18	9	109%
Financial expenses	-2	0	
<b>Income after financial items</b>	<b>362</b>	<b>151</b>	<b>139%</b>
Taxes	-100	-34	193%
Minority interest	-9	-9	2%
<b>Net income</b>	<b>254</b>	<b>109</b>	<b>133%</b>
Number of units shipped (million)	21.8	13.3	63%
ASP (EUR)	134	149	-10%

## Sony Ericsson

## CONSOLIDATED INCOME STATEMENT ISOLATED QUARTERS

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



## Sony Ericsson

## CONSOLIDATED BALANCE SHEET

EUR million	Mar 31 2007	Dec 31 2006	Sept 30 2006	Jun 30 2006	Mar 31 2006	Dec 31 2005
<b>ASSETS</b>						
<b>Total fixed and financial assets</b>	<b>495</b>	<b>469</b>	<b>316</b>	<b>311</b>	<b>306</b>	<b>274</b>
<b>Current assets</b>						
Inventories	498	437	578	318	277	306
Accounts receivable	1,566	1,653	1,347	1,101	908	852
Other assets	859	310	249	196	200	178
Other short-term cash investments	1,376	1,580	1,098	897	861	900
Cash and bank	668	693	763	698	568	637
<b>Total current assets</b>	<b>4,968</b>	<b>4,673</b>	<b>4,035</b>	<b>3,210</b>	<b>2,813</b>	<b>2,873</b>
<b>Total assets</b>	<b>5,463</b>	<b>5,141</b>	<b>4,351</b>	<b>3,521</b>	<b>3,119</b>	<b>3,147</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>						
Shareholders' equity	2,033	1,781	1,353	1,048	921	1,070
Minority interest	55	45	37	59	59	46
<b>Total equity</b>	<b>2,088</b>	<b>1,826</b>	<b>1,391</b>	<b>1,106</b>	<b>980</b>	<b>1,116</b>
<b>Total long-term liabilities</b>	<b>22</b>	<b>20</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>19</b>
Accounts payable	1,316	1,276	1,118	954	799	807
Other current liabilities	2,037	2,019	1,825	1,444	1,323	1,204
<b>Total current liabilities</b>	<b>3,353</b>	<b>3,296</b>	<b>2,944</b>	<b>2,398</b>	<b>2,122</b>	<b>2,011</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,463</b>	<b>5,141</b>	<b>4,351</b>	<b>3,521</b>	<b>3,119</b>	<b>3,147</b>
Net cash*	2,045	2,272	1,795	1,556	1,417	1,530

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

## Sony Ericsson

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Jan-Mar	
	2007	2006
<b>OPERATIONS</b>		
Net income	254	109
Adjustments to reconcile net income to cash	24	20
	<b>278</b>	<b>129</b>
Changes in operating net assets *	-454	53
<b>Cash flow from operating activities</b>	<b>-176</b>	<b>182</b>
<b>INVESTMENTS</b>		
Investing activities	-49	-43
<b>Cash flow from investing activities</b>	<b>-49</b>	<b>-43</b>
<b>FINANCING</b>		
Financing activities	-1	-236
<b>Cash flow from financing activities</b>	<b>-1</b>	<b>-236</b>
<b>Net change in cash</b>	<b>-226</b>	<b>-97</b>
<b>Cash, beginning of period</b>	<b>2,273</b>	<b>1,537</b>
<b>Translation difference in Cash</b>	<b>-2</b>	<b>-12</b>
<b>Cash, end of period</b>	<b>2,045</b>	<b>1,428</b>

\* Includes an advanced payment to Ericsson for an amount equivalent to Ericsson's share of the dividend/redemption.

## Sony Ericsson

## CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

EUR million	Jan-Mar 2007	Oct-Dec 2006	Jul-Sep 2006	Apr-Jun 2006	Jan-Mar 2006
<b>OPERATIONS</b>					
Net income	254	447	298	143	109
Adjustments to reconcile net income to cash	24	23	20	22	20
	<b>278</b>	<b>470</b>	<b>318</b>	<b>165</b>	<b>129</b>
Changes in operating net assets	-454	50	-21	18	53
<b>Cash flow from operating activities</b>	<b>-176</b>	<b>520</b>	<b>297</b>	<b>183</b>	<b>182</b>
<b>INVESTMENTS</b>					
Investing activities	-49	-26	-36	-29	-43
<b>Cash flow from investing activities</b>	<b>-49</b>	<b>-26</b>	<b>-36</b>	<b>-29</b>	<b>-43</b>
<b>FINANCING</b>					
Financing activities	-1	-66	-2	26	-236
<b>Cash flow from financing activities</b>	<b>-1</b>	<b>-66</b>	<b>-2</b>	<b>26</b>	<b>-236</b>
<b>Net change in cash</b>	<b>-226</b>	<b>428</b>	<b>259</b>	<b>180</b>	<b>-97</b>
<b>Cash, beginning of period</b>	<b>2,273</b>	<b>1,861</b>	<b>1,595</b>	<b>1,428</b>	<b>1,537</b>
<b>Translation difference in Cash</b>	<b>-2</b>	<b>-16</b>	<b>7</b>	<b>-13</b>	<b>-12</b>
<b>Cash, end of period</b>	<b>2,045</b>	<b>2,273</b>	<b>1,861</b>	<b>1,595</b>	<b>1,428</b>

## Sony Ericsson

## NET SALES BY MARKET AREA BY QUARTER

EUR million

Isolated quarters	2007	Q4	Q3	2006	
	Q1			Q2	Q1
Europe, Middle East & Africa *	1,598	2,145	1,600	1,090	1,029
Americas	365	555	417	328	250
Asia	961	1,082	896	853	713
<b>Total</b>	<b>2,925</b>	<b>3,782</b>	<b>2,913</b>	<b>2,272</b>	<b>1,992</b>
* of which Western Europe	1,078	1,478	1,115	748	674
Sequential change (%)	2007	Q4	Q3	2006	
	Q1			Q2	Q1
Europe, Middle East & Africa *	-26%	34%	47%	6%	-27%
Americas	-34%	33%	27%	31%	-19%
Asia	-11%	21%	5%	20%	20%
<b>Total</b>	<b>-23%</b>	<b>30%</b>	<b>28%</b>	<b>14%</b>	<b>-14%</b>
* of which Western Europe	-27%	33%	49%	11%	-35%
Year over year change (%)	2007	Q4	Q3	2006	
	Q1			Q2	Q1
Europe, Middle East & Africa *	55%	52%	35%	43%	71%
Americas	46%	79%	77%	53%	53%
Asia	35%	83%	42%	33%	36%
<b>Total</b>	<b>47%</b>	<b>64%</b>	<b>42%</b>	<b>41%</b>	<b>55%</b>
* of which Western Europe	60%	45%	33%	42%	84%
Year to date	2007	Q4	Q3	2006	
	0703			0606	0603
Europe, Middle East & Africa *	1,598	5,865	3,720	2,120	1,029
Americas	365	1,550	995	578	250
Asia	961	3,544	2,462	1,566	713
<b>Total</b>	<b>2,925</b>	<b>10,959</b>	<b>7,177</b>	<b>4,264</b>	<b>1,992</b>
* of which Western Europe	1,078	4,014	2,537	1,422	674
YTD year over year change (%)	2007	Q4	Q3	2006	
	0703			0606	0603
Europe, Middle East & Africa *	55%	48%	46%	56%	71%
Americas	46%	68%	62%	53%	53%
Asia	35%	48%	37%	35%	36%
<b>Total</b>	<b>47%</b>	<b>51%</b>	<b>45%</b>	<b>47%</b>	<b>55%</b>
* of which Western Europe	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 BLOMQUIST*  
**Carl Olof Blomqvist**  
**Senior Vice President and**  
**General counsel**

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

Date: April 20, 2007