

ERICSSON LM TELEPHONE CO
Form 6-K
January 16, 2009

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 16, 2009

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 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 16, 2009, regarding Sony Ericsson's fourth quarter and full year 2008 report .

PRESS RELEASE

January 16, 2009

Sony Ericsson reports results for fourth quarter and full year 2008**Highlights:****Global economic slowdown leads to contracting consumer demand****Previously announced annual Euro 300 million cost savings on track****Initiated additional Euro 180 million annual cost savings****Joined the Open Handset Alliance and developing new phone using Android Open Source software****Successful rollout of Xperia X1, Cyber-shot C905 phones and PlayNow plus music service**

London, UK The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the fourth quarter and full year ended December 31, 2008 is as follows:

| | Q4 2008 | Q3 2008 | Q4 2007 | FY 2008 | FY 2007 |
|--|---------|---------|---------|---------|---------|
| Number of units shipped (million) | 24.2 | 25.7 | 30.8 | 96.6 | 103.4 |
| Sales (Euro m.) | 2,914 | 2,808 | 3,771 | 11,244 | 12,916 |
| Gross margin (%) | 15% | 22% | 32% | 22% | 31% |
| Operating income (Euro m.) | -262 | -33 | 489 | -113 | 1,544 |
| Operating margin (%) | -9% | -1% | 13% | -1% | 12% |
| Restructuring charges (Euro m.) | 129 | 35 | | 175 | |
| Operating income excl. restructuring charges (Euro m.) | -133 | 2 | 489 | 61 | 1,544 |
| Operating margin excl. restructuring charges (%) | -5% | 0% | 13% | 1% | 12% |
| Income before taxes (IBT) (Euro m.) | -261 | -23 | 501 | -83 | 1,574 |
| IBT excl. restructuring charges (Euro m.) | -133 | 12 | 501 | 92 | 1,574 |
| Net income (Euro m.) | -187 | -25 | 373 | -73 | 1,114 |
| Average selling price (Euro) | 121 | 109 | 123 | 116 | 125 |

Units shipped in the quarter were 24.2 million, a sequential decrease of 6% and a year-on-year decrease of 21%.

Sales for the quarter were Euro 2,914 million, an increase of 4% sequentially due to a positive impact of currency fluctuations, and a decrease of 23% compared to Q4 2007. The decline in sales year-on-year was driven by lower volumes, due to the global economic slowdown that resulted in contracting consumer demand and decreased availability of credit.

Gross margin became 15% due to negative impact from exchange rate fluctuations, restructuring charges and material write-offs.

Foreign exchange fluctuations had a positive impact on sales in total, but a large negative impact on costs of goods sold (ie. costs increased) sequentially, as well as year-on-year.

Income before taxes for the quarter was Euro -133 million, excluding restructuring charges of Euro 129 million, compared to the profit of Euro 501 million in Q4 2007. Despite a negative result in the quarter, Sony Ericsson maintained a healthy balance sheet with a strong, net cash position of Euro 1,072 million.

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The average selling price (ASP) for Sony Ericsson in Q4 2008 was Euro 121, an increase sequentially but a decrease year-on-year. The sequential increase of ASP was due to a positive impact of foreign exchange rate fluctuations and to the sale of a higher proportion of high-end models. Estimated market share for Q4 2008 is maintained at around 8%.

In economic terms, 2008 has been a tumultuous year with world markets experiencing a serious downturn. The mobile phone market has been greatly affected by this and as expected, the fourth quarter continued to be very challenging for Sony Ericsson. Our business alignment is progressing as planned, with the full effect of annual savings of around Euro 300 million expected by the second half of 2009. We foresee a continued deterioration in the market place in 2009, particularly in the first half, said Dick Komiyama, President, Sony Ericsson.

The additional cost saving measures initiated by Sony Ericsson are aimed at reducing operating expenses by a further Euro 180 million annually, with the full effect expected at the end of 2009. Sony Ericsson currently estimates that the cost for the additional restructuring activities will be covered by the previously announced Euro 300 million restructuring charges.

In Q4 2008, the successful roll out of the Xperia X1 and Cyber-shot C905; Sony Ericsson's first eight mega pixel phone as well as the PlayNow plus music service positively impacted the business. In the same quarter, Sony Ericsson announced that it joined the Open Handset Alliance and is currently developing a new phone that uses the Android Open Source software.

Earlier in 2008, Sony Ericsson announced that it became a founding member of the Symbian Foundation; an initiative will create an open mobile software platform based on Symbian OS.

Sony Ericsson estimates the 2008 global handset market as being around 1,190 million units or around 6% growth from 2007, compared to the company's previous forecast of around 10%. Sony Ericsson forecasts that the global handset market will contract in 2009 and that the industry ASP will continue to decline.

Cyber-shot is a trademark of the Sony Corporation.

The Liquid Identity logo, Xperia and the Xperia logo and PlayNow plus are trademarks or registered trademarks of Sony Ericsson Mobile Communications AB.

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EDITOR'S NOTES:

Financial statements:

Consolidated income statement

Consolidated income statement full year

Consolidated income statement isolated quarters

Consolidated balance sheet

Consolidated statement of cash flows

Consolidated statement of cash flows full year

Consolidated statement of cash flows isolated quarters

Additional information:

Net sales by market area, by quarter

- ENDS -

Sony Ericsson is a top, global industry player with sales of around 97 million phones in 2008. Diversity is one of the core strengths of the company, with operations in over 80 countries including manufacturing in China and R&D sites in China, Europe, India, Japan and North America. Sony Ericsson was established as a 50:50 joint venture by Sony and Ericsson in October 2001, with global corporate functions located in London. For more information about Sony Ericsson please visit www.sonyericsson.com

CONTACTS:

Investors / Analysts

Ericsson Investor Relations

Gary Pinkham (Stockholm) +46 10 719 0858

Susanne Andersson (Stockholm) + 46 10 719 4631

Press / Media

Sony Ericsson Global Communications and PR

Aldo Liguori (London) +44 20 8762 5860

Merran Wrigley (London) +44 20 8762 5862

Simone Bresi-Ando (London) +44 20 8762 5863

Sony Investor Relations

Shinji Tomita (London) +44 20 7426 8696

Gen Tsuchikawa (Tokyo) +81 3 6748 2180

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 | 2008 | Oct-Dec 2007 | Change |
|-------------------------------------|-------------|-----------------|--------------|
| Net sales | 2,914 | 3,771 | -23% |
| Cost of sales | -2,476 | -2,573 | -4% |
| Gross profit | 438 | 1,198 | -63% |
| Gross margin % | 15.0% | 31.8% | -17% |
| Research and development expenses | -359 | -349 | 3% |
| Selling and administrative expenses | -366 | -375 | -2% |
| Operating expenses | -725 | -724 | 0% |
| Other operating income, net | 24 | 15 | 62% |
| Operating income | -262 | 489 | -154% |
| Operating margin % | -9.0% | 13.0% | -22% |
| Financial income | 28 | 19 | 47% |
| Financial expenses | -27 | -7 | 287% |
| Income after financial items | -261 | 501 | -152% |
| Taxes | 81 | -118 | -169% |
| Minority interest | -7 | -10 | -28% |
| Net income | -187 | 373 | -150% |
| Number of units shipped (million) | 24.2 | 30.8 | -21% |
| ASP (EUR) | 121 | 123 | -2% |

| EUR Million | Oct-Dec 2008 |
|-----------------------------------|-----------------|
| Restructuring charges | |
| Cost of sales | 67 |
| Research and development expenses | 35 |
| Sales and administrative expenses | 24 |
| Other operating income, net | 3 |
| Total | 129 |

Sony Ericsson

CONSOLIDATED INCOME STATEMENT

| EUR million | 2008 | Jan-Dec 2007 | Change |
|-------------------------------------|---------------|-----------------|--------------|
| Net sales | 11,244 | 12,916 | -13% |
| Cost of sales | -8,750 | -8,958 | -2% |
| Gross profit | 2,494 | 3,958 | -37% |
| Gross margin % | 22.2% | 30.6% | -8% |
| Research and development expenses | -1,379 | -1,173 | 18% |
| Selling and administrative expenses | -1,249 | -1,260 | -1% |
| Operating expenses | -2,628 | -2,432 | 8% |
| Other operating income, net | 21 | 18 | 19% |
| Operating income | -113 | 1,544 | -107% |
| Operating margin % | -1.0% | 11.9% | -13% |
| Financial income | 101 | 62 | 64% |
| Financial expenses | -71 | -32 | 122% |
| Income after financial items | -83 | 1,574 | -105% |
| Taxes | 31 | -423 | -107% |
| Minority interest | -21 | -36 | -42% |
| Net income | -73 | 1,114 | -107% |
| Number of units shipped (million) | 96.6 | 103.4 | -7% |
| ASP (EUR) | 116 | 125 | -7% |

| EUR Million | Jan-Dec 2008 |
|-----------------------------------|-----------------|
| Restructuring charges | |
| Cost of sales | 75 |
| Research and development expenses | 62 |
| Sales and administrative expenses | 29 |
| Other operating income, net | 9 |
| Total | 175 |

Sony Ericsson

CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

| EUR million | 2008 | | | | 2007 | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 2,914 | 2,808 | 2,820 | 2,702 | 3,771 | 3,108 | 3,112 | 2,925 |
| Cost of sales | -2,476 | -2,192 | -2,168 | -1,914 | -2,573 | -2,154 | -2,192 | -2,039 |
| Gross profit | 438 | 616 | 653 | 788 | 1,198 | 954 | 921 | 886 |
| Gross margin % | 15.0% | 21.9% | 23.1% | 29.2% | 31.8% | 30.7% | 29.6% | 30.3% |
| Research and development expenses | -359 | -337 | -344 | -339 | -349 | -280 | -283 | -261 |
| Selling and administrative expenses | -366 | -303 | -310 | -270 | -375 | -280 | -321 | -284 |
| Operating expenses | -725 | -640 | -653 | -610 | -724 | -560 | -604 | -545 |
| Other operating income, net | 24 | -8 | -2 | 6 | 15 | -1 | -2 | 5 |
| Operating income | -262 | -33 | -2 | 184 | 489 | 393 | 315 | 346 |
| Operating margin % | -9.0% | -1.2% | -0.1% | 6.8% | 13.0% | 12.7% | 10.1% | 11.8% |
| Financial income | 28 | 25 | 25 | 24 | 19 | 7 | 18 | 18 |
| Financial expenses | -27 | -15 | -14 | -15 | -7 | -16 | -6 | -2 |
| Income after financial items | -261 | -23 | 8 | 193 | 501 | 384 | 327 | 362 |
| Taxes | 81 | 6 | 0 | -57 | -118 | -109 | -97 | -100 |
| Minority interest | -7 | -8 | -3 | -3 | -10 | -8 | -10 | -9 |
| Net income | -187 | -25 | 6 | 133 | 373 | 267 | 220 | 254 |
| Number of units shipped (million) | 24.2 | 25.7 | 24.4 | 22.3 | 30.8 | 25.9 | 24.9 | 21.8 |
| ASP (EUR) | 121 | 109 | 116 | 121 | 123 | 120 | 125 | 134 |

| EUR Million | 2008 * | | |
|-----------------------------------|------------|-----------|-----------|
| | Q4 | Q3 | Q2 |
| Restructuring charges | | | |
| Cost of sales | 67 | 0 | 8 |
| Research and development expenses | 35 | 26 | 2 |
| Sales and administrative expenses | 24 | 3 | 1 |
| Other operating income, net | 3 | 6 | 0 |
| Total | 129 | 35 | 11 |

* Restructuring charges were not incurred in the first quarter of 2008.

Sony Ericsson

CONSOLIDATED BALANCE SHEET

| EUR million | Dec 31 2008 | Sep 30 2008 | Jun 30 2008 | Dec 31 2007 |
|--|----------------|-------------------|----------------|----------------|
| ASSETS | | | | |
| Total fixed and financial assets | 590 | 649 | 590 | 572 |
| Current assets | | | | |
| Inventories | 531 | 717 | 538 | 437 |
| Accounts receivables | 1,629 | 1,815 | 1,905 | 1,870 |
| Other assets | 585 | 527 | 511 | 345 |
| Other short-term cash investments | 707 | 918 | 966 | 1,431 |
| Cash and bank | 418 | 555 | 624 | 724 |
| Total current assets | 3,870 | 4,532 | 4,544 | 4,808 |
| Total assets | 4,460 | 5,180 | 5,134 | 5,380 |
| SHAREHOLDERS EQUITY AND LIABILITIES | | | | |
| Shareholders equity | 1,217 | 1,429 | 1,684 | 2,026 |
| Minority interest | 57 | 50 | 35 | 64 |
| Total equity | 1,274 | 1,480 | 1,719 | 2,090 |
| Total long-term liabilities | | | | |
| Accounts payable | 990 | 1,453 | 1,436 | 1,263 |
| Other current liabilities | 2,166 | 2,208 | 1,954 | 2,001 |
| Total current liabilities | 3,156 | 3,661 | 3,390 | 3,264 |
| Total shareholders equity and liabilities | 4,460 | 5,180 | 5,134 | 5,380 |
| Net cash* | 1,072 | 1,374 | 1,591 | 2,155 |

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

Sony Ericsson

CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR million | Oct-Dec | |
|---|--------------|--------------|
| | 2008 | 2007 |
| OPERATIONS | | |
| Net income | -187 | 373 |
| Adjustments to reconcile net income to cash | 37 | 17 |
| | -150 | 390 |
| Changes in operating net assets | -168 | 44 |
| Cash flow from operating activities | -318 | 434 |
| INVESTMENTS | | |
| Investing activities | 41 | -27 |
| Cash flow from investing activities | 41 | -27 |
| FINANCING | | |
| Financing activities | -46 | 0 |
| Cash flow from financing activities | -46 | 0 |
| Net change in cash | -323 | 408 |
| Cash, beginning of period | 1,473 | 1,758 |
| Translation difference in Cash | -25 | -10 |
| Cash, end of period | 1,125 | 2,155 |

Sony Ericsson

CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR million | Jan-Dec | |
|---|---------------|--------------|
| | 2008 | 2007 |
| OPERATIONS | | |
| Net income | -73 | 1,114 |
| Adjustments to reconcile net income to cash | 146 | 107 |
| | 73 | 1,221 |
| Changes in operating net assets | -323 | -305 |
| Cash flow from operating activities | -250 | 916 |
| INVESTMENTS | | |
| Investing activities | -64 | -164 |
| Cash flow from investing activities | -64 | -164 |
| FINANCING | | |
| Financing activities | -754 | -849 |
| Cash flow from financing activities | -754 | -849 |
| Net change in cash | -1,068 | -97 |
| Cash, beginning of period | 2,155 | 2,273 |
| Translation difference in Cash | 37 | -21 |
| Cash, end of period | 1,125 | 2,155 |

Sony Ericsson

CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

| EUR million | 2008 | | | | 2007 | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Oct-Dec | Jul-Sep | Apr-Jun | Jan-Mar | Oct-Dec | Jul-Sep | Apr-Jun | Jan-Mar |
| OPERATIONS | | | | | | | | |
| Net income | -187 | -25 | 6 | 133 | 373 | 267 | 220 | 254 |
| Adjustments to reconcile net income to cash | 37 | 39 | 40 | 31 | 17 | 32 | 30 | 28 |
| | -150 | 15 | 46 | 164 | 390 | 299 | 250 | 282 |
| Changes in operating net assets | -168 | 88 | -142 | -101 | 44 | 88 | 16 | -454 |
| Cash flow from operating activities | -318 | 102 | -96 | 64 | 434 | 387 | 266 | -172 |
| INVESTMENTS | | | | | | | | |
| Investing activities | 41 | -55 | -29 | -22 | -27 | -53 | -31 | -53 |
| Cash flow from investing activities | 41 | -55 | -29 | -22 | -27 | -53 | -31 | -53 |
| FINANCING | | | | | | | | |
| Financing activities | -46 | -238 | -8 | -462 | 0 | -300 | -548 | -1 |
| Cash flow from financing activities | -46 | -238 | -8 | -462 | 0 | -300 | -548 | -1 |
| Net change in cash | -323 | -191 | -133 | -421 | 408 | 34 | -312 | -226 |
| Cash, beginning of period | 1,473 | 1,591 | 1,711 | 2,155 | 1,758 | 1,730 | 2,045 | 2,273 |
| Translation difference in Cash | -25 | 74 | 13 | -24 | -10 | -6 | -3 | -2 |
| Cash, end of period | 1,125 | 1,473 | 1,591 | 1,711 | 2,155 | 1,758 | 1,730 | 2,045 |

Sony Ericsson

NET SALES BY MARKET AREA BY QUARTER

EUR million

| Isolated quarters | 2008 | | | | 2007 | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Europe, Middle East & Africa * | 1,642 | 1,427 | 1,386 | 1,494 | 2,251 | 1,715 | 1,729 | 1,598 |
| Americas | 636 | 703 | 740 | 486 | 636 | 573 | 499 | 365 |
| Asia | 636 | 678 | 694 | 722 | 884 | 820 | 885 | 961 |
| Total | 2,914 | 2,808 | 2,820 | 2,702 | 3,771 | 3,108 | 3,112 | 2,925 |

| | | | | | | | | |
|---------------------------|-------|-----|-----|-----|-------|-------|-------|-------|
| * of which Western Europe | 1,117 | 947 | 900 | 979 | 1,569 | 1,103 | 1,102 | 1,078 |
|---------------------------|-------|-----|-----|-----|-------|-------|-------|-------|

| Sequential change (%) | 2008 | | | | 2007 | | | |
|--------------------------------|-----------|-----------|-----------|-------------|------------|-----------|-----------|-------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Europe, Middle East & Africa * | 15% | 3% | -7% | -34% | 31% | -1% | 8% | -26% |
| Americas | -10% | -5% | 52% | -24% | 11% | 15% | 37% | -34% |
| Asia | -6% | -2% | -4% | -18% | 8% | -7% | -8% | -11% |
| Total | 4% | 0% | 4% | -28% | 21% | 0% | 6% | -23% |

| | | | | | | | | |
|---------------------------|-----|----|-----|------|-----|----|----|------|
| * of which Western Europe | 18% | 5% | -8% | -38% | 42% | 0% | 2% | -27% |
|---------------------------|-----|----|-----|------|-----|----|----|------|

| Year over year change (%) | 2008 | | | | 2007 | | | |
|--------------------------------|-------------|-------------|------------|------------|-----------|-----------|------------|------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Europe, Middle East & Africa * | -27% | -17% | -20% | -7% | 5% | 7% | 59% | 55% |
| Americas | 0% | 23% | 48% | 33% | 15% | 37% | 52% | 46% |
| Asia | -28% | -17% | -21% | -25% | -18% | -8% | 4% | 35% |
| Total | -23% | -10% | -9% | -8% | 0% | 7% | 37% | 47% |

| | | | | | | | | |
|---------------------------|------|------|------|-----|----|-----|-----|-----|
| * of which Western Europe | -29% | -14% | -18% | -9% | 6% | -1% | 47% | 60% |
|---------------------------|------|------|------|-----|----|-----|-----|-----|

| Year to date | 2008 | | | | 2007 | | | |
|--------------------------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | 0812 | 0809 | 0806 | 0803 | 0712 | 0709 | 0706 | 0703 |
| Europe, Middle East & Africa * | 5,966 | 4,324 | 2,879 | 1,494 | 7,293 | 5,042 | 3,328 | 1,598 |
| Americas | 2,566 | 1,930 | 1,226 | 486 | 2,072 | 1,436 | 864 | 365 |
| Asia | 2,712 | 2,076 | 1,416 | 722 | 3,550 | 2,666 | 1,846 | 961 |
| Total | 11,244 | 8,330 | 5,522 | 2,702 | 12,916 | 9,145 | 6,037 | 2,925 |

| | | | | | | | | |
|---------------------------|-------|-------|-------|-----|-------|-------|-------|-------|
| * of which Western Europe | 3,943 | 2,826 | 1,879 | 979 | 4,852 | 3,283 | 2,179 | 1,078 |
|---------------------------|-------|-------|-------|-----|-------|-------|-------|-------|

| YTD year over year change (%) | 2008 | | | | 2007 | | | |
|--------------------------------|------|------|------|------|------|------|------|------|
| | 0812 | 0809 | 0806 | 0803 | 0712 | 0709 | 0706 | 0703 |
| Europe, Middle East & Africa * | -18% | -14% | -13% | -7% | 24% | 36% | 57% | 55% |
| Americas | 24% | 34% | 42% | 33% | 34% | 44% | 49% | 46% |
| Asia | -24% | -22% | -23% | -25% | 0% | 8% | 18% | 35% |

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| | | | | | | | | |
|---------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|
| Total | -13% | -9% | -9% | -8% | 18% | 27% | 42% | 47% |
| * of which Western Europe | -19% | -14% | -14% | -9% | 21% | 29% | 53% | 60% |

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: January 16, 2009