

ERICSSON LM TELEPHONE CO
Form 6-K
July 16, 2010

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 16, 2010

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 July 16, 2010 regarding Ericsson (SE) - Sony Ericsson reports second quarter 2010 results.

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 16, 2010

PRESS RELEASE

July 16, 2010

Sony Ericsson reports second quarter 2010 results**Q2 Highlights:****Income before taxes excl. restructuring charges increases to Euro 63 million****Positive cash flow generated from operating activities****ASP rises to Euro 160**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the second quarter ended June 30, 2010 is as follows:

| | Q2 2009 | Q1 2010 | Q2 2010 |
|--|---------|---------|---------|
| Number of units shipped (million) | 13.8 | 10.5 | 11.0 |
| Sales (Euro m.) | 1,684 | 1,405 | 1,757 |
| Gross margin (%) | 12% | 31% | 28% |
| Operating income (Euro m.) | -274 | 20 | 36 |
| Operating margin (%) | -16% | 1% | 2% |
| Restructuring charges (Euro m.) | 1 | 3 | 32 |
| Operating income excl. restructuring charges (Euro m.) | -274 | 23 | 68 |
| Operating margin excl. restructuring charges (%) | -16% | 2% | 4% |
| Income before taxes (IBT) (Euro m.) | -283 | 18 | 31 |
| IBT excl. restructuring charges (Euro m.) | -283 | 21 | 63 |
| Net income (Euro m.) | -213 | 21 | 12 |
| Average selling price (Euro) | 122 | 134 | 160 |

Bert Nordberg, President, Sony Ericsson commented, "Our second quarter results show that the company continued the momentum seen in the first quarter as a result of our focus on the value market and the success of new smartphones; Xperia X10 and Vivaz, launched during the first quarter. These models, along with the Xperia X10 mini and Xperia X10 mini pro which started shipping at the end of the second quarter, have been well received by operators and we are now well positioned for long term growth."

Sales for the quarter were Euro 1,757 million, a 25% increase sequentially and a 4% increase year-on-year. Units shipped in the quarter were 11 million, a 5% increase sequentially and a 20% decrease year-on-year due to the reduction in size of the product portfolio. Average selling price (ASP) increased 19% sequentially and 31% year-on-year to Euro 160 during the quarter due to improved product and geographical mix, as well as positive currency effects.

Income before taxes for the quarter excluding restructuring charges was a profit of Euro 63 million, illustrating the positive impact of the cost reduction programme and favourable product mix.

The transformation programme, which started in mid-2008 is now in its final stages and on target to reduce annual operating expenses by Euro 880 million by the end of the year. Since the start of the program Sony Ericsson has reduced its global workforce by approximately 4,000 people to reach a total workforce of approximately 7,800 by June 30, 2010. The total restructuring charges taken to date for the programme are Euro 374 million.

As of June 30, 2010 Sony Ericsson retained a net cash position of Euro 609 million, an increase of Euro 46 million sequentially mainly due to operating results, tight financial management of working capital, as well as positive currency effects.

Market share in unit base for the quarter remained flat and is estimated to be around 4%.

Sony Ericsson maintains a forecast of slight growth in units in the global handset market in 2010.

The liquid identity is a registered trademark of Sony Ericsson Mobile Communications AB. Vivaz and XPERIA are trademarks 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 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 is a 50:50 joint venture by Sony and Ericsson established in October 2001, with global corporate functions located in London and operations in all major markets. Sony Ericsson vision is to become the industry leader in Communication Entertainment; where new styles of communicating through the internet and social media, become entertainment. Sony Ericsson offers exciting consumer experiences through phones, accessories, content and applications. For more information please visit, www.sonyericsson.com.

ENDS

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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 | 2009 | Apr-Jun 2010 | Change | 2009 | Jan-Jun 2010 | Change |
|-------------------------------------|-------------|-----------------|-------------|---------------|-----------------|-------------|
| Net sales | 1,684 | 1,757 | 4% | 3,419 | 3,162 | -8% |
| Cost of sales | -1,483 | -1,266 | -15% | -3,074 | -2,241 | -27% |
| Gross profit | 200 | 492 | 146% | 346 | 921 | 167% |
| Gross margin % | 11.9% | 28.0% | | 10.1% | 29.1% | |
| Research and development expenses | -245 | -218 | -11% | -548 | -434 | -21% |
| Selling and administrative expenses | -235 | -245 | 4% | -460 | -452 | -2% |
| Operating expenses | -480 | -463 | -4% | -1,008 | -886 | -12% |
| Other operating income, net | 6 | 7 | 25% | 19 | 21 | 14% |
| Operating income | -274 | 36 | | -644 | 57 | |
| Operating margin % | -16.3% | 2.1% | | -18.8% | 1.8% | |
| Financial income | 6 | 2 | -60% | 15 | 9 | -40% |
| Financial expenses | -15 | -7 | -51% | -25 | -16 | -35% |
| Income after financial items | -283 | 31 | | -653 | 50 | |
| Taxes | 74 | -16 | | 158 | -10 | |
| Minority interest | -4 | -4 | -2% | -10 | -7 | -32% |
| Net income | -213 | 12 | | -505 | 33 | |
| Number of units shipped (million) | 13.8 | 11.0 | -20% | 28.3 | 21.5 | -24% |
| ASP (EUR) | 122 | 160 | 31% | 121 | 147 | 22% |
| EUR Million | | Apr-Jun | | | Jan-Jun | |
| Restructuring charges | 2009 | 2010 | | 2009 | 2010 | |
| Cost of sales | -9 | 33 | | -2 | 31 | |
| Research and development expenses | 9 | 1 | | 11 | 3 | |
| Sales and administrative expenses | 1 | -2 | | 4 | 1 | |
| Total | 1 | 32 | | 13 | 35 | |

Sony Ericsson

CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

| EUR million | 2009 | | | | 2010 | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Net sales | 1,736 | 1,684 | 1,619 | 1,750 | 1,405 | 1,757 |
| Cost of sales | -1,591 | -1,483 | -1,367 | -1,341 | -975 | -1,266 |
| Gross profit | 145 | 200 | 252 | 409 | 429 | 492 |
| Gross margin % | 8.4% | 11.9% | 15.5% | 23.4% | 30.6% | 28.0% |
| Research and development expenses | -303 | -245 | -260 | -299 | -216 | -218 |
| Selling and administrative expenses | -225 | -235 | -205 | -299 | -207 | -245 |
| Operating expenses | -528 | -480 | -465 | -599 | -423 | -463 |
| Other operating income, net | 13 | 6 | 21 | 8 | 14 | 7 |
| Operating income | -369 | -274 | -193 | -181 | 20 | 36 |
| Operating margin % | -21.3% | -16.3% | -11.9% | -10.4% | 1.4% | 2.1% |
| Financial income | 9 | 6 | 3 | 4 | 7 | 2 |
| Financial expenses | -10 | -15 | -9 | -12 | -9 | -7 |
| Income after financial items | -370 | -283 | -199 | -190 | 18 | 31 |
| Taxes | 84 | 74 | 42 | 36 | 6 | -16 |
| Minority interest | -6 | -4 | -6 | -12 | -3 | -4 |
| Net income | -293 | -213 | -164 | -167 | 21 | 12 |
| Number of units shipped (million) | 14.5 | 13.8 | 14.1 | 14.6 | 10.5 | 11.0 |
| ASP (EUR) | 120 | 122 | 114 | 120 | 134 | 160 |
| EUR Million | | | | | | |
| Restructuring charges | | | | | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Cost of sales | 7 | -9 | 0 | 41 | -2 | 33 |
| Research and development expenses | 2 | 9 | 1 | 72 | 2 | 1 |
| Sales and administrative expenses | 3 | 1 | 1 | 37 | 3 | -2 |
| Total | 12 | 1 | 2 | 150 | 3 | 32 |

Sony Ericsson

CONSOLIDATED BALANCE SHEET

| EUR million | Jun 30 2009 | Dec 31 2009 | Mar 31 2010 | Jun 30 2010 |
|--|----------------|----------------|----------------|----------------|
| ASSETS | | | | |
| Total fixed and financial assets | 736 | 779 | 791 | 836 |
| Current assets | | | | |
| Inventories | 404 | 358 | 384 | 467 |
| Accounts receivable | 936 | 832 | 849 | 1,063 |
| Other assets | 379 | 415 | 369 | 412 |
| Other short-term cash investments | 456 | 489 | 537 | 477 |
| Cash and bank | 509 | 389 | 443 | 562 |
| Total current assets | 2,685 | 2,483 | 2,582 | 2,981 |
| Total assets | 3,421 | 3,262 | 3,373 | 3,817 |
| SHAREHOLDERS EQUITY AND LIABILITIES | | | | |
| Shareholders equity | 694 | 381 | 438 | 510 |
| Minority interest | 66 | 47 | 54 | 66 |
| Total equity | 760 | 428 | 492 | 575 |
| Borrowing, Non Current | 0 | 0 | 100 | 101 |
| Other long-term liabilities | 30 | 32 | 37 | 40 |
| Total long-term liabilities | 30 | 32 | 137 | 141 |
| Accounts payable | 848 | 852 | 829 | 973 |
| Borrowing, Current | 0 | 258 | 316 | 329 |
| Other current liabilities | 1,782 | 1,692 | 1,599 | 1,798 |
| Total current liabilities | 2,630 | 2,802 | 2,744 | 3,101 |
| Total shareholders equity and liabilities | 3,421 | 3,262 | 3,373 | 3,817 |
| Net cash* | 965 | 620 | 563 | 609 |

* 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 | Apr-Jun | | Jan-Jun | |
|---|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2009 | 2010 |
| OPERATIONS | | | | |
| Net income | -213 | 12 | -505 | 33 |
| Adjustments to reconcile net income to cash | 37 | 4 | 66 | -40 |
| | -176 | 16 | -439 | -6 |
| Changes in operating net assets | 60 | 13 | 382 | -58 |
| Cash flow from operating activities | -115 | 29 | -57 | -65 |
| INVESTMENTS | | | | |
| Investing activities | -13 | -15 | -32 | 12 |
| Cash flow from investing activities | -13 | -15 | -32 | 12 |
| FINANCING | | | | |
| Financing activities | 0 | 0 | -53 | 150 |
| Cash flow from financing activities | 0 | 0 | -53 | 150 |
| Net change in cash | -128 | 15 | -142 | 97 |
| Cash, beginning of period | 1,116 | 980 | 1,125 | 878 |
| Translation difference in Cash | -23 | 45 | -18 | 64 |
| Cash, end of period | 965 | 1,039 | 965 | 1,039 |

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CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

| EUR million | Q1 | 2009 | | | 2010 | |
|---|--------------|--------------|-------------|-------------|------------|--------------|
| | | Q2 | Q3 | Q4 | Q1 | Q2 |
| OPERATIONS | | | | | | |
| Net income | -293 | -213 | -164 | -167 | 21 | 12 |
| Adjustments to reconcile net income to cash | 29 | 37 | 20 | 48 | -44 | 4 |
| | -263 | -176 | -143 | -119 | -23 | 16 |
| Changes in operating net assets | 321 | 60 | 49 | -97 | -72 | 13 |
| Cash flow from operating activities | 58 | -115 | -94 | -216 | -94 | 29 |
| INVESTMENTS | | | | | | |
| Investing activities | -19 | -13 | -42 | -10 | 27 | -15 |
| Cash flow from investing activities | -19 | -13 | -42 | -10 | 27 | -15 |
| FINANCING | | | | | | |
| Financing activities | -53 | 0 | 159 | 100 | 150 | 0 |
| Cash flow from financing activities | -53 | 0 | 159 | 100 | 150 | 0 |
| Net change in cash | -14 | -128 | 22 | -126 | 83 | 15 |
| Cash, beginning of period | 1,125 | 1,116 | 965 | 996 | 878 | 980 |
| Translation difference in Cash | 5 | -23 | 9 | 8 | 19 | 45 |
| Cash, end of period | 1,116 | 965 | 996 | 878 | 980 | 1,039 |

Sony Ericsson

NET SALES BY MARKET AREA BY QUARTER

| EUR million | 2009 | | | | 2010 | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Isolated quarters | | | | | | |
| Europe, Middle East & Africa * | 977 | 927 | 875 | 966 | 711 | 876 |
| Americas | 200 | 195 | 232 | 222 | 201 | 223 |
| Asia | 559 | 562 | 512 | 562 | 493 | 659 |
| Total | 1,736 | 1,684 | 1,619 | 1,750 | 1,405 | 1,757 |
| | | | | | | |
| * of which Western Europe | 721 | 678 | 636 | 678 | 525 | 668 |
| | | | | | | |
| Sequential change (%) | 2009 | | | | 2010 | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Europe, Middle East & Africa * | -40% | -5% | -6% | 10% | -26% | 23% |
| Americas | -69% | -3% | 19% | -4% | -10% | 11% |
| Asia | -12% | 1% | -9% | 10% | -12% | 34% |
| Total | -40% | -3% | -4% | 8% | -20% | 25% |
| | | | | | | |
| * of which Western Europe | -35% | -6% | -6% | 7% | -23% | 27% |
| | | | | | | |
| Year over year change (%) | 2009 | | | | 2010 | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Europe, Middle East & Africa * | -35% | -33% | -39% | -41% | -27% | -5% |
| Americas | -59% | -74% | -67% | -65% | 1% | 14% |
| Asia | -23% | -19% | -25% | -12% | -12% | 17% |
| Total | -36% | -40% | -42% | -40% | -19% | 4% |
| | | | | | | |
| * of which Western Europe | -26% | -25% | -33% | -39% | -27% | -2% |
| | | | | | | |
| Year to date | 2009 | | | | 2010 | |
| | 0903 | 0906 | 0909 | 0912 | 1003 | 1006 |
| Europe, Middle East & Africa * | 977 | 1,903 | 2,778 | 3,744 | 711 | 1,587 |
| Americas | 200 | 395 | 627 | 850 | 201 | 424 |
| Asia | 559 | 1,121 | 1,633 | 2,194 | 493 | 1,152 |
| Total | 1,736 | 3,419 | 5,038 | 6,788 | 1,405 | 3,162 |
| | | | | | | |
| * of which Western Europe | 721 | 1,400 | 2,036 | 2,714 | 525 | 1,193 |
| | | | | | | |
| YTD year over year change (%) | 2009 | | | | 2010 | |
| | 0903 | 0906 | 0909 | 0912 | 1003 | 1006 |
| Europe, Middle East & Africa * | -35% | -34% | -35% | -37% | -27% | -17% |

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| | | | | | | |
|---------------------------|-------------|-------------|-------------|-------------|-------------|------------|
| Americas | -59% | -68% | -67% | -67% | 1% | 7% |
| Asia | -23% | -21% | -22% | -20% | -12% | 3% |
| Total | -36% | -38% | -40% | -40% | -19% | -8% |
| * of which Western Europe | -26% | -26% | -28% | -31% | -27% | -15% |