

ERICSSON LM TELEPHONE CO
Form 6-K
April 19, 2011

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

April 19, 2011

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 **April 19, 2011** regarding **Sony Ericsson reports first quarter 2011 results**

PRESS RELEASE

Sony Ericsson reports first quarter 2011 results

April 19, 2011

Highlights:

Shift to Android-based smartphone portfolio drives profitability
Smartphone share of total sales more than doubled year-on-year
Xperia arc, Xperia PLAY and Xperia neo began shipping towards the end of the quarter
Some supply chain disruption due to the Japan earthquake

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the first quarter ended March 31, 2011 is as follows:

| | Q1 2010 | Q4 2010 | Q1 2011 |
|--|---------|---------|--------------|
| Number of units shipped (million) | 10.5 | 11.2 | 8.1 |
| Average selling price (Euro) | 134 | 136 | 141 |
| Sales (Euro m.) | 1,405 | 1,528 | 1,145 |
| Gross margin (%) | 31% | 30% | 33% |
| Operating income (Euro m.) | 20 | 39 | 19 |
| Operating margin (%) | 1% | 3% | 2% |
| Restructuring charges (Euro m.) | -3 | -3 | - |
| Operating income excl. restructuring charges (Euro m.) | 23 | 43 | 19 |
| Operating margin excl. restructuring charges (%) | 2% | 3% | 2% |
| Income before taxes (IBT) (Euro m.) | 18 | 35 | 15 |
| IBT excl. restructuring charges (Euro m.) | 21 | 39 | 15 |
| Net income (Euro m.) | 21 | 8 | 11 |

Bert Nordberg, President & CEO of Sony Ericsson commented, "Sony Ericsson's profitability continues as we accelerate our shift towards an Android-based smartphone portfolio, with smartphones comprising over 60% of our total sales during the quarter. Towards the end of the quarter we introduced the highly anticipated Xperia arc and Xperia PLAY, which have been well received by both operators and consumers around the world. However, the Japan earthquake made it a challenging quarter operationally and we are experiencing some disruptions to our supply chain. We will continue to evaluate the situation."

Units shipped during the quarter were 8.1 million, a 23% decrease year-on-year and a 28% decrease sequentially, due to a decline in the number of feature phones shipped, introduction of new products towards the end of the quarter and seasonality.

Average selling price (ASP) for the quarter was Euro 141, a 5% increase year-on-year and a 4% increase sequentially, as a result of product and geographical mix more than offsetting price erosion.

Sales for the quarter were Euro 1,145 million, a 19% decrease year-on-year and 25% decrease sequentially.

The gross margin for the quarter was 33%, an increase of 2 percentage points year-on-year and

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an increase of 3 percentage points sequentially, which includes the impact from higher ASP and benefit of some larger than normal items relating to royalty matters and warranty estimates.

Income before taxes for the quarter was a profit of Euro 15 million, a decrease of Euro 3 million year-on-year and a decrease of Euro 20 million sequentially, with the impact of lower sales offset by higher gross margin percentage and lower operating expenses.

Net income for the quarter was Euro 11 million, a decrease of Euro 10 million compared to the same period previous year which included a tax benefit. Net income increased Euro 3 million sequentially, despite a decline in income before taxes of Euro 20 million, reflective of a lower effective tax rate.

Cash flow from operating activities during the quarter was negative Euro 353 million, mainly due to inventory investments, non cash items in the income statement and seasonality. New external borrowings of Euro 375 million were made during the quarter to enhance liquidity and growth, resulting in total borrowings of Euro 604 million at the end of the quarter. Total cash balances at March 31, 2011 amounted to Euro 599 million.

Sony Ericsson estimates that its market share for smartphones during the quarter was approximately 5% in units and approximately 3% in value.

Sony Ericsson forecasts modest growth in total units in the global handset market for 2011.

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 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 celebrates its 10th year as a joint venture between Sony Corporation and Ericsson in October, 2011. 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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Sony investor relations

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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.

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Sony Ericsson

CONSOLIDATED INCOME STATEMENT

| EUR million | 2010 | Jan-Mar 2011 | Change |
|-------------------------------------|-------------------------|-------------------------|-------------|
| Net sales | 1,405 | 1,145 | -19% |
| Cost of sales | -975 | -763 | -22% |
| Gross profit | 429 | 382 | -11% |
| Gross margin % | 31% | 33% | 2% |
| Research and development expenses | -185 | -173 | -6% |
| Selling and administrative expenses | -238 | -199 | -16% |
| Operating expenses* | -423 | -372 | -12% |
| Other operating income, net | 14 | 10 | -29% |
| Operating income | 20 | 19 | -5% |
| Operating margin % | 1% | 2% | 1% |
| Financial income | 7 | 3 | -57% |
| Financial expenses | -9 | -8 | -11% |
| Income before taxes | 18 | 15 | -17% |
| Taxes | 6 | -5 | |
| Minority interest | -3 | 1 | |
| Net income | 21 | 11 | -48% |
| Number of units shipped (million) | 10.5 | 8.1 | -23% |
| ASP (EUR) | 134 | 141 | 5% |
| EUR million | Jan-Mar 2010 | Jan-Mar 2011 | |
| Restructuring charges | 2 | - | |
| Cost of sales | -2 | - | |
| Research and development expenses | -3 | - | |
| Selling and administrative expenses | -3 | - | |
| Total | -3 | - | |

* Operating expenses in 2010 have been restated to reflect certain organizational changes.

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CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

| EUR million | 2010 | | | | 2011 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Net sales | 1,405 | 1,757 | 1,603 | 1,528 | 1,145 |
| Cost of sales | -975 | -1,266 | -1,130 | -1,069 | -763 |
| Gross profit | 429 | 492 | 473 | 459 | 382 |
| Gross margin % | 31% | 28% | 30% | 30% | 33% |
| Research and development expenses | -185 | -191 | -179 | -191 | -173 |
| Selling and administrative expenses | -238 | -272 | -241 | -236 | -199 |
| Operating expenses* | -423 | -463 | -420 | -427 | -372 |
| Other operating income, net | 14 | 7 | 10 | 7 | 10 |
| Operating income | 20 | 36 | 63 | 39 | 19 |
| Operating margin % | 1% | 2% | 4% | 3% | 2% |
| Financial income | 7 | 2 | 7 | 2 | 3 |
| Financial expenses | -9 | -7 | -8 | -6 | -8 |
| Income before taxes | 18 | 31 | 62 | 35 | 15 |
| Taxes | 6 | -16 | -12 | -27 | -5 |
| Minority interest | -3 | -4 | -2 | 0 | 1 |
| Net income | 21 | 12 | 49 | 8 | 11 |
| Number of units shipped (million) | 10.5 | 11.0 | 10.4 | 11.2 | 8.1 |
| ASP (EUR) | 134 | 160 | 154 | 136 | 141 |
| EUR million | 2010 | | | | 2011 |
| Restructuring charges | Q1 | Q2 | Q3 | Q4 | Q1 |
| Cost of sales | 2 | -33 | -3 | 2 | - |
| Research and development expenses | -2 | -1 | 5 | 0 | - |
| Selling and administrative expenses | -3 | 2 | -6 | -5 | - |
| Total | -3 | -32 | -4 | -3 | - |

* Operating expenses in 2010 have been restated to reflect certain organizational changes.

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CONSOLIDATED BALANCE SHEET

| EUR million | Mar 31 2010 | Dec 31 2010 | Mar 31 2011 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Total fixed and financial assets | 791 | 803 | 791 |
| Current assets | | | |
| Inventories | 384 | 460 | 510 |
| Accounts receivable | 849 | 836 | 755 |
| Other assets | 369 | 295 | 304 |
| Other short-term cash investments | 537 | 276 | 417 |
| Cash and bank | 443 | 329 | 182 |
| Total current assets | 2,582 | 2,196 | 2,168 |
| Total assets | 3,373 | 2,999 | 2,959 |
| SHAREHOLDERS EQUITY AND LIABILITIES | | | |
| Shareholders' equity | 438 | 532 | 496 |
| Minority interest | 54 | 42 | 38 |
| Total equity | 492 | 574 | 534 |
| Borrowing, Non Current | 100 | 100 | 0 |
| Other long-term liabilities | 37 | 32 | 30 |
| Total long-term liabilities | 137 | 132 | 30 |
| Accounts payable | 829 | 769 | 701 |
| Borrowing, Current | 316 | 130 | 604 |
| Other current liabilities | 1,599 | 1,394 | 1,090 |
| Total current liabilities | 2,744 | 2,293 | 2,394 |
| Total shareholders' equity and liabilities | 3,373 | 2,999 | 2,959 |
| Net cash* | 563 | 375 | -5 |

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR million | Jan-Mar | |
|---|------------|-------------|
| | 2010 | 2011 |
| OPERATING | | |
| Net income | 21 | 11 |
| Adjustments to reconcile net income to cash | -44 | -137 |
| | -23 | -127 |
| Changes in operating net assets | -72 | -226 |
| Cash flow from operating activities | -94 | -353 |
| INVESTING | | |
| Investing activities | 27 | -14 |
| Cash flow from investing activities | 27 | -14 |
| FINANCING | | |
| Financing activities | 150 | 375 |
| Cash flow from financing activities | 150 | 375 |
| Net change in cash | 83 | 8 |
| Cash, beginning of period | 878 | 605 |
| Translation difference in Cash | 19 | -14 |
| Cash, end of period | 980 | 599 |

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CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

| EUR million | Q1 | 2010 Q2 | Q3 | Q4 | 2011 Q 1 |
|---|------------|--------------|--------------|-------------|-------------|
| OPERATING | | | | | |
| Net income | 21 | 12 | 49 | 8 | 11 |
| Adjustments to reconcile net income to cash | -44 | 4 | -66 | -50 | -137 |
| | -23 | 16 | -17 | -42 | -127 |
| Changes in operating net assets | -72 | 13 | -38 | -86 | -226 |
| Cash flow from operating activities | -94 | 29 | -54 | -128 | -353 |
| INVESTING | | | | | |
| Investing activities | 27 | -15 | 2 | -18 | -14 |
| Cash flow from investing activities | 27 | -15 | 2 | -18 | -14 |
| FINANCING | | | | | |
| Financing activities | 150 | 0 | -32 | -178 | 375 |
| Cash flow from financing activities | 150 | 0 | -32 | -178 | 375 |
| Net change in cash | 83 | 15 | -85 | -324 | 8 |
| Cash, beginning of period | 878 | 980 | 1,039 | 921 | 605 |
| Translation difference in Cash | 19 | 45 | -33 | 7 | -14 |
| Cash, end of period | 980 | 1,039 | 921 | 605 | 599 |

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NET SALES BY MARKET AREA BY QUARTER

| EUR million | 2010 | | | | 2011 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Isolated quarters | Q1 | Q2 | Q3 | Q4 | Q1 |
| Europe, Middle East & Africa * | 711 | 876 | 837 | 795 | 485 |
| Americas | 201 | 223 | 222 | 205 | 151 |
| Asia | 493 | 659 | 544 | 528 | 509 |
| Total | 1,405 | 1,757 | 1,603 | 1,528 | 1,145 |
| * of which Western Europe | 525 | 668 | 632 | 569 | 307 |
| | | | | | |
| | | | | | |
| Sequential change (%) | Q1 | Q2 | Q3 | Q4 | Q1 |
| Europe, Middle East & Africa * | -26% | 23% | -4% | -5% | -39% |
| Americas | -9% | 11% | 0% | -8% | -26% |
| Asia | -12% | 34% | -17% | -3% | -4% |
| Total | -20% | 25% | -9% | -5% | -25% |
| * of which Western Europe | -23% | 27% | -5% | -10% | -46% |
| | | | | | |
| | | | | | |
| Year over year change (%) | Q1 | Q2 | Q3 | Q4 | Q1 |
| Europe, Middle East & Africa * | -27% | -6% | -4% | -18% | -32% |
| Americas | 1% | 14% | -4% | -8% | -25% |
| Asia | -12% | 17% | 6% | -6% | 3% |
| Total | -19% | 4% | -1% | -13% | -19% |
| * of which Western Europe | -27% | -1% | -1% | -16% | -42% |
| | | | | | |
| | | | | | |
| Year to date | 1003 | 1006 | 1009 | 1012 | 1103 |
| Europe, Middle East & Africa * | 711 | 1,587 | 2,424 | 3,219 | 485 |
| Americas | 201 | 424 | 646 | 851 | 151 |
| Asia | 493 | 1,152 | 1,695 | 2,224 | 509 |
| Total | 1,405 | 3,162 | 4,765 | 6,294 | 1,145 |
| * of which Western Europe | 525 | 1,193 | 1,825 | 2,393 | 307 |
| | | | | | |
| | | | | | |
| YTD year over year change (%) | 1003 | 1006 | 1009 | 1012 | 1103 |
| Europe, Middle East & Africa * | -27% | -17% | -13% | -14% | -32% |
| Americas | 1% | 7% | 3% | 0% | -25% |
| Asia | -12% | 3% | 4% | 1% | 3% |
| Total | -19% | -8% | -5% | -7% | -19% |
| * of which Western Europe | -27% | -15% | -10% | -12% | -42% |

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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/ HENRY STÉNSON*
Henry Sténson
Senior Vice President
Corporate Communications

Date: **April 19, 2011**