

ERICSSON LM TELEPHONE CO
Form 6-K
October 15, 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**

October 15, 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 October 15, 2010, regarding Sony Ericsson reports third 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 BLOMQUIST
Carl Olof Blomqvist
Senior Vice President and
General Counsel

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

Date: October 15, 2010

PRESS RELEASE**Sony Ericsson reports third quarter 2010 results****October 15, 2010****Q3 Highlights:****Turnaround continues with third consecutive quarter of profits****Continued success of smartphone portfolio keeps ASP at high level****Launch of Xperia models in new markets, including China and the U.S.**

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

| | Q3 2009 | Q2 2010 | Q3 2010 |
|--|---------|---------|--------------|
| Number of units shipped (million) | 14.1 | 11.0 | 10.4 |
| Sales (Euro m.) | 1,619 | 1,757 | 1,603 |
| Gross margin (%) | 16% | 28% | 30% |
| Operating income (Euro m.) | -193 | 36 | 63 |
| Operating margin (%) | -12% | 2% | 4% |
| Restructuring charges (Euro m.) | 2 | 32 | 4 |
| Operating income excl. restructuring charges (Euro m.) | -191 | 68 | 67 |
| Operating margin excl. restructuring charges (%) | -12% | 4% | 4% |
| Income before taxes (IBT) (Euro m.) | -199 | 31 | 62 |
| IBT excl. restructuring charges (Euro m.) | -198 | 63 | 66 |
| Net income (Euro m.) | -164 | 12 | 49 |
| Average selling price (Euro) | 114 | 160 | 154 |

Bert Nordberg, President & CEO of Sony Ericsson commented, "Our third consecutive quarter of profitable results illustrates that Sony Ericsson's overall performance is stabilising. Our strategy to focus on the smartphone segment is succeeding and smartphones now comprise more than 50% of our total sales. During the quarter, we launched our Android-based Xperia models in new markets, such as China and the U.S., and it is our ambition to become the global number one handset provider on the Android platform."

Income before taxes for the quarter excluding restructuring charges was a profit of Euro 66 million following the positive effects of the transformation programme. Net income for the quarter was Euro 49 million, an increase of Euro 213 million year-on-year and of Euro 37 million sequentially.

The gross margin percentage was 30% and almost doubled year-on-year, reflective of the company turnaround.

Units shipped in the quarter were 10.4 million, a decrease of 26% year-on-year and down 5% sequentially. Average selling price (ASP) in the quarter remained at a high level of Euro 154, a 34% increase year-on-year and a decrease of 4% sequentially, due to product and geographical mix. As a result, sales for the quarter were Euro 1,603 million, essentially flat year-on-year and a 9% decrease sequentially.

Sony Ericsson's net cash position as of September 30, 2010 was Euro 538 million. The negative cash flow from operating activities was Euro 54 million, mainly due to payments during the quarter related to the transformation programme.

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Market share in unit base for the quarter remained flat sequentially and is estimated to be approximately 4%. The value market share is estimated to be approximately 6%.

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. 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 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

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's 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

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CONSOLIDATED INCOME STATEMENT

| EUR million | 2009 | Jul-Sep 2010 | Change | 2009 | Jan-Sep 2010 | Change |
|-------------------------------------|-------------|-----------------|-------------|---------------|-----------------|-------------|
| Net sales | 1,619 | 1,603 | -1% | 5,038 | 4,765 | -5% |
| Cost of sales | -1,367 | -1,130 | -17% | -4,441 | -3,371 | -24% |
| Gross profit | 252 | 473 | 88% | 597 | 1,394 | 134% |
| Gross margin % | 15.5% | 29.5% | 14% | 11.9% | 29.3% | 17% |
| Research and development expenses | -260 | -191 | -27% | -808 | -625 | -23% |
| Selling and administrative expenses | -205 | -228 | 12% | -665 | -680 | 2% |
| Operating expenses | -465 | -420 | -10% | -1,473 | -1,305 | -11% |
| Other operating income, net | 21 | 10 | -51% | 39 | 31 | -20% |
| Operating income | -193 | 63 | | -837 | 120 | |
| Operating margin % | -11.9% | 4.0% | | -16.6% | 2.5% | |
| Financial income | 3 | 7 | 124% | 18 | 16 | -12% |
| Financial expenses | -9 | -8 | -15% | -34 | -24 | -29% |
| Income after financial items | -199 | 62 | | -853 | 112 | |
| Taxes | 42 | -12 | | 200 | -21 | |
| Minority interest | -6 | -2 | -75% | -16 | -8 | -48% |
| Net income | -164 | 49 | | -669 | 82 | |
| Number of units shipped (million) | 14.1 | 10.4 | -26% | 42.5 | 31.9 | -25% |
| ASP (EUR) | 114 | 154 | 34% | 119 | 150 | 26% |

| EUR million | Jul-Sep | | Jan-Sep | |
|-----------------------------------|---------|------|---------|------|
| Restructuring charges | 2009 | 2010 | 2009 | 2010 |
| Cost of sales | 0 | 3 | -2 | 34 |
| Research and development expenses | 1 | -10 | 12 | -6 |
| Sales and administrative expenses | 1 | 11 | 4 | 12 |
| Total | 2 | 4 | 15 | 39 |

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CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

| EUR million | 2009 | | | | 2010 | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Net sales | 1,736 | 1,684 | 1,619 | 1,750 | 1,405 | 1,757 | 1,603 |
| Cost of sales | -1,591 | -1,483 | -1,367 | -1,341 | -975 | -1,266 | -1,130 |
| Gross profit | 145 | 200 | 252 | 409 | 429 | 492 | 473 |
| Gross margin % | 8.4% | 11.9% | 15.5% | 23.4% | 30.6% | 28.0% | 29.5% |
| Research and development expenses | -303 | -245 | -260 | -299 | -216 | -218 | -191 |
| Selling and administrative expenses | -225 | -235 | -205 | -299 | -207 | -245 | -228 |
| Operating expenses | -528 | -480 | -465 | -599 | -423 | -463 | -420 |
| Other operating income, net | 13 | 6 | 21 | 8 | 14 | 7 | 10 |
| Operating income | -369 | -274 | -193 | -181 | 20 | 36 | 63 |
| Operating margin % | -21.3% | -16.3% | -11.9% | -10.4% | 1.4% | 2.1% | 4.0% |
| Financial income | 9 | 6 | 3 | 4 | 7 | 2 | 7 |
| Financial expenses | -10 | -15 | -9 | -12 | -9 | -7 | -8 |
| Income after financial items | -370 | -283 | -199 | -190 | 18 | 31 | 62 |
| Taxes | 84 | 74 | 42 | 36 | 6 | -16 | -12 |
| Minority interest | -6 | -4 | -6 | -12 | -3 | -4 | -2 |
| Net income | -293 | -213 | -164 | -167 | 21 | 12 | 49 |
| Number of units shipped (million) | 14.5 | 13.8 | 14.1 | 14.6 | 10.5 | 11.0 | 10.4 |
| ASP (EUR) | 120 | 122 | 114 | 120 | 134 | 160 | 154 |
| EUR million | 2009 | | | | | | |
| Restructuring charges | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Cost of sales | 7 | -9 | 0 | 41 | -2 | 33 | 3 |
| Research and development expenses | 2 | 9 | 1 | 72 | 2 | 1 | -10 |
| Sales and administrative expenses | 3 | 1 | 1 | 37 | 3 | -2 | 11 |
| Total | 12 | 1 | 2 | 150 | 3 | 32 | 4 |

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CONSOLIDATED BALANCE SHEET

| EUR million | Sep 30 2009 | Dec 31 2009 | Jun 30 2010 | Sep 30 2010 |
|--|-------------------|----------------|----------------|-------------------|
| ASSETS | | | | |
| Total fixed and financial assets | 757 | 779 | 836 | 813 |
| Current assets | | | | |
| Inventories | 397 | 358 | 467 | 457 |
| Accounts receivable | 917 | 832 | 1,063 | 986 |
| Other assets | 416 | 415 | 412 | 328 |
| Other short-term cash investments | 464 | 489 | 477 | 440 |
| Cash and bank | 532 | 389 | 562 | 482 |
| Total current assets | 2,726 | 2,483 | 2,981 | 2,692 |
| Total assets | 3,482 | 3,262 | 3,817 | 3,505 |
| SHAREHOLDERS EQUITY AND LIABILITIES | | | | |
| Shareholders equity | 532 | 381 | 510 | 480 |
| Minority interest | 43 | 47 | 66 | 62 |
| Total equity | 575 | 428 | 575 | 541 |
| Borrowing, Non Current | 50 | 0 | 101 | 100 |
| Other long-term liabilities | 31 | 32 | 40 | 30 |
| Total long-term liabilities | 81 | 32 | 141 | 130 |
| Accounts payable | 1,019 | 852 | 973 | 922 |
| Borrowing, Current | 105 | 258 | 329 | 284 |
| Other current liabilities | 1,702 | 1,692 | 1,798 | 1,628 |
| Total current liabilities | 2,826 | 2,802 | 3,101 | 2,834 |
| Total shareholders equity and liabilities | 3,482 | 3,262 | 3,817 | 3,505 |
| Net cash* | 841 | 620 | 609 | 538 |

* 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 | Jul-Sep | | Jan-Sep | |
|---|-------------|--------------|--------------|-------------|
| | 2009 | 2010 | 2009 | 2010 |
| OPERATING | | | | |
| Net income | -164 | 49 | -669 | 82 |
| Adjustments to reconcile net income to cash | 20 | -66 | 87 | -105 |
| | -143 | -17 | -583 | -23 |
| Changes in operating net assets | 49 | -38 | 431 | -96 |
| Cash flow from operating activities | -94 | -54 | -152 | -119 |
| INVESTING | | | | |
| Investing activities | -42 | 2 | -74 | 14 |
| Cash flow from investing activities | -42 | 2 | -74 | 14 |
| FINANCING | | | | |
| Financing activities | 159 | -32 | 106 | 118 |
| Cash flow from financing activities | 159 | -32 | 106 | 118 |
| Net change in cash | 22 | -85 | -120 | 12 |
| Cash, beginning of period | 965 | 1,039 | 1,125 | 878 |
| Translation difference in Cash | 9 | -33 | -9 | 31 |
| Cash, end of period | 996 | 921 | 996 | 921 |

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CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

| EUR million | 2009 | | | | 2010 | | |
|---|--------------|--------------|-------------|-------------|------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| OPERATING | | | | | | | |
| Net income | -293 | -213 | -164 | -167 | 21 | 12 | 49 |
| Adjustments to reconcile net income to cash | 29 | 37 | 20 | 48 | -44 | 4 | -66 |
| | -263 | -176 | -143 | -119 | -23 | 16 | -17 |
| Changes in operating net assets | 321 | 60 | 49 | -97 | -72 | 13 | -38 |
| Cash flow from operating activities | 58 | -115 | -94 | -216 | -94 | 29 | -54 |
| INVESTING | | | | | | | |
| Investing activities | -19 | -13 | -42 | -10 | 27 | -15 | 2 |
| Cash flow from investing activities | -19 | -13 | -42 | -10 | 27 | -15 | 2 |
| FINANCING | | | | | | | |
| Financing activities | -53 | 0 | 159 | 100 | 150 | 0 | -32 |
| Cash flow from financing activities | -53 | 0 | 159 | 100 | 150 | 0 | -32 |
| Net change in cash | -14 | -128 | 22 | -126 | 83 | 15 | -85 |
| Cash, beginning of period | 1,125 | 1,116 | 965 | 996 | 878 | 980 | 1,039 |
| Translation difference in Cash | 5 | -23 | 9 | 8 | 19 | 45 | -33 |
| Cash, end of period | 1,116 | 965 | 996 | 878 | 980 | 1,039 | 921 |

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NET SALES BY MARKET AREA BY QUARTER

EUR million

| Isolated quarters | 2009 | | | | 2010 | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Europe, Middle East & Africa * | 977 | 927 | 875 | 966 | 711 | 876 | 837 |
| Americas | 200 | 195 | 232 | 222 | 201 | 223 | 222 |
| Asia | 559 | 562 | 512 | 562 | 493 | 659 | 544 |
| Total | 1,736 | 1,684 | 1,619 | 1,750 | 1,405 | 1,757 | 1,603 |
| * of which Western Europe | 721 | 678 | 636 | 678 | 525 | 668 | 632 |

| Sequential change (%) | 2009 | | | | 2010 | | |
|--------------------------------|-------------|------------|------------|-----------|-------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Europe, Middle East & Africa * | -40% | -5% | -6% | 10% | -26% | 23% | -4% |
| Americas | -69% | -3% | 19% | -4% | -10% | 11% | 0% |
| Asia | -12% | 1% | -9% | 10% | -12% | 34% | -18% |
| Total | -40% | -3% | -4% | 8% | -20% | 25% | -9% |
| * of which Western Europe | -35% | -6% | -6% | 7% | -23% | 27% | -5% |

| Year over year change (%) | 2009 | | | | 2010 | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-----------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Europe, Middle East & Africa * | -35% | -33% | -39% | -41% | -27% | -5% | -4% |
| Americas | -59% | -74% | -67% | -65% | 1% | 14% | -4% |
| Asia | -23% | -19% | -25% | -12% | -12% | 17% | 6% |
| Total | -36% | -40% | -42% | -40% | -19% | 4% | -1% |
| * of which Western Europe | -26% | -25% | -33% | -39% | -27% | -2% | -1% |

| Year to date | 2009 | | | | 2010 | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 0903 | 0906 | 0909 | 0912 | 1003 | 1006 | 1009 |
| Europe, Middle East & Africa * | 977 | 1,903 | 2,778 | 3,744 | 711 | 1,587 | 2,424 |
| Americas | 200 | 395 | 627 | 850 | 201 | 424 | 646 |
| Asia | 559 | 1,121 | 1,633 | 2,194 | 493 | 1,152 | 1,695 |
| Total | 1,736 | 3,419 | 5,038 | 6,788 | 1,405 | 3,162 | 4,765 |
| * of which Western Europe | 721 | 1,400 | 2,036 | 2,714 | 525 | 1,193 | 1,825 |

| YTD year over year change (%) | 2009 | | | | 2010 | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| | 0903 | 0906 | 0909 | 0912 | 1003 | 1006 | 1009 |
| Europe, Middle East & Africa * | -35% | -34% | -35% | -37% | -27% | -17% | -13% |
| Americas | -59% | -68% | -67% | -67% | 1% | 7% | 3% |
| Asia | -23% | -21% | -22% | -20% | -12% | 3% | 4% |
| Total | -36% | -38% | -40% | -40% | -19% | -8% | -5% |
| * of which Western Europe | -26% | -26% | -28% | -31% | -27% | -15% | -10% |

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