

January 22, 2010

## Sony Ericsson reports fourth quarter and full year 2009 results

### Q4 Highlights:

- Improved quarterly financial results reflected success of refreshed portfolio
- Transformation programme bearing fruit and to continue
- Announced first Android-based phone, the XPERIA™ X10

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the fourth quarter and full year ended December 31, 2009 is as follows:

	<u>Q4 2009</u>	<u>Q3 2009</u>	<u>Q4 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>
Number of units shipped (million)	14.6	14.1	24.2	57.1	96.6
Sales (Euro m.)	1,750	1,619	2,914	6,788	11,244
Gross margin (%)	23%	16%	15%	15%	22%
Operating income (Euro m.)	-181	-193	-262	-1,018	-113
Operating margin (%)	-10%	-12%	-9%	-15%	-1%
Restructuring charges (Euro m.)	150	2	129	164	175
Operating income excl. restructuring charges (Euro m.)	-32	-191	-133	-854	61
Operating margin excl. restructuring charges (%)	-2%	-12%	-5%	-13%	1%
Income before taxes (IBT) (Euro m.)	-190	-199	-261	-1,043	-83
IBT excl. restructuring charges (Euro m.)	-40	-198	-133	-878	92
Net income (Euro m.)	-167	-164	-187	-836	-73
Average selling price (Euro)	120	114	121	119	116

Bert Nordberg, President, Sony Ericsson comments; "The refreshed portfolio, coupled with the business transformation programme has started to positively impact our financial results. Continued cost saving activities and resource realignment are necessary in order to build a leaner, more efficient organisation capable of meeting the demands of the changing competitive landscape. We will continue to focus on returning the company to profitability by establishing Sony Ericsson as the communication entertainment brand based on an exciting portfolio of mid- and high-end products, such as our recently announced Android-based phone, the XPERIA™ X10. 2010 will still be challenging as the full benefit of cost improvements will not impact results until the second half of the year, however we are confident that our business is on the right track."

Units shipped in the quarter were 14.6 million, a sequential increase of 3% and a year-on-year decrease of 40%. Sales for the quarter were Euro 1,750 million, a sequential increase of 8% and a year-on-year decrease of 40%. The sequential increase was driven by market seasonality and successful sales of Satio™ and Aino™ phones. The year-on-year decrease in both units and sales was mainly due to a downturn in the global handset market and

a faster than anticipated shift to touch screen phones in the mid-priced sector of the market. Average Selling Price (ASP) for the quarter rose sequentially by 5% to Euro 120 due to a more favourable product mix.

Gross margin percentage improved sequentially and year-on-year mainly driven by the successful sales of new, higher-margin phones as well as the positive impact of cost reduction activities.

Income before taxes for the quarter, excluding restructuring charges, was a loss of Euro 40 million compared to a loss of Euro 198 million in the previous quarter. The reduced loss was due to the improved gross margin and the benefits of reduced operating expenses. Excluding restructuring charges, Sony Ericsson made a loss for the full year 2009 of Euro 878 million compared with an income of Euro 92 million in 2008. The year-on-year deterioration was mainly attributable to the lower sales.

As of December 31, 2009, Sony Ericsson had a net cash position of Euro 620 million.

During 2009, Sony Ericsson secured external funding of Euro 455 million to strengthen the balance sheet and improve liquidity, out of which Euro 350 million has been guaranteed by the parent companies on a 50/50 basis. Euro 255 million was drawn by the end of 2009, but the remaining Euro 200 million, a two-year committed back-up facility, has not been utilised.

The programme started in mid-2008 to reduce annual operating expenses by Euro 880 million is continuing; with the full benefit expected during the second half of 2010. Since the start of the programme Sony Ericsson has reduced its global workforce by approximately 2,500 people to 9,100 by the end of 2009. The total restructuring charges taken to date are Euro 339 million, and charges for the full programme are estimated to be well within the previously announced Euro 500 million.

Sony Ericsson estimates that the global handset market in units for the fourth quarter 2009 was flat year-on-year and that its market share was about 5% in the fourth quarter. Sony Ericsson believes that the global handset market for the full year 2009 decreased in volume by around 8% year-on-year to around 1.1 billion units and that its market share in units for the full year 2009 was about 5%.

Sony Ericsson forecasts a slight growth in units in the global handset market in 2010.

-END -

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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

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. Our 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](http://www.sonyericsson.com).

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A live webcast of the conference call discussing the company's results for the fourth quarter and full year ended December 31, 2009 will be available on January 22, 2010 at the following times:

#### **TIMING:**

15:30 UK time (GMT)  
16:30 Central European time (CET)  
10:30 US Eastern time (EST)  
00:30 Japan time (JST) January 23, 2010

#### **WEBCAST:**

A live webcast of the conference call will be available at: [www.ericsson.com/ericsson/investors](http://www.ericsson.com/ericsson/investors)

Or please click here to join the webcast directly: [www.thomson-](http://www.thomson-webcast.net/uk/dispatching/?event_id=55bbf43ecfabff7e6e911983a216b4b0&portal_id=ccec29148a44ec4b8077c845c5b4cbba)

[webcast.net/uk/dispatching/?event\\_id=55bbf43ecfabff7e6e911983a216b4b0&portal\\_id=ccec29148a44ec4b8077c845c5b4cbba](http://www.thomson-webcast.net/uk/dispatching/?event_id=55bbf43ecfabff7e6e911983a216b4b0&portal_id=ccec29148a44ec4b8077c845c5b4cbba)

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

#### **CALL-IN NUMBERS:**

UK and Europe +44 20 7806 1956  
Sweden +46 8 5352 6407  
US: +1 718 354 1389  
Japan: +81 3 3570 8228

#### **REPLAY:**

A replay of the conference call will be available approximately two hours after the completion of the conference call until 11:00 pm UK time on 28 January, 2010.

UK and Europe: +44 20 7111 1244  
Sweden: +46 8 5051 3897  
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Japan: +81 3 5767 9615

Replay pass code: 8140934#

*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	Oct-Dec		
	2009	2008	Change
Net sales	1,750	2,914	-40%
Cost of sales	-1,341	-2,476	-46%
<b>Gross profit</b>	<b>409</b>	<b>438</b>	<b>-7%</b>
Gross margin %	23.4%	15.0%	8%
Research and development expenses	-299	-359	-17%
Selling and administrative expenses	-299	-366	-18%
<b>Operating expenses</b>	<b>-599</b>	<b>-725</b>	<b>-17%</b>
Other operating income, net	8	24	-66%
<b>Operating income</b>	<b>-181</b>	<b>-262</b>	<b>-31%</b>
Operating margin %	-10.4%	-9.0%	-1%
Financial income	4	28	-88%
Financial expenses	-12	-27	-55%
<b>Income after financial items</b>	<b>-190</b>	<b>-261</b>	<b>-27%</b>
Taxes	36	81	-56%
Minority interest	-12	-7	75%
<b>Net income</b>	<b>-167</b>	<b>-187</b>	<b>-11%</b>
Number of units shipped (million)	14.6	24.2	-40%
ASP (EUR)	120	121	-1%

EUR Million	Oct-Dec	
Restructuring charges	2009	2008
Cost of sales	41	67
Research and development expenses	72	35
Sales and administrative expenses	37	24
Other operating income, net	0	3
Total	150	129

## Sony Ericsson CONSOLIDATED INCOME STATEMENT

EUR million	Jan-Dec		
	2009	2008	Change
Net sales	6,788	11,244	-40%
Cost of sales	-5,782	-8,750	-34%
<b>Gross profit</b>	<b>1,006</b>	<b>2,494</b>	<b>-60%</b>
Gross margin %	14.8%	22.2%	-7%
Research and development expenses	-1,108	-1,379	-20%
Selling and administrative expenses	-964	-1,249	-23%
<b>Operating expenses</b>	<b>-2,072</b>	<b>-2,628</b>	<b>-21%</b>
Other operating income, net	48	21	-
<b>Operating income</b>	<b>-1,018</b>	<b>-113</b>	<b>-</b>
Operating margin %	-15.0%	-1.0%	-14%
Financial income	21	101	-79%
Financial expenses	-46	-71	-35%
<b>Income after financial items</b>	<b>-1,043</b>	<b>-83</b>	<b>-</b>
Taxes	236	31	-
Minority interest	-29	-21	35%
<b>Net income</b>	<b>-836</b>	<b>-73</b>	<b>-</b>
Number of units shipped (million)	57.1	96.6	-41%
ASP (EUR)	119	116	2%

EUR Million	Jan-Dec	
Restructuring charges	2009	2008
Cost of sales	39	75
Research and development expenses	84	62
Sales and administrative expenses	41	29
Other operating income, net	0	9
Total	164	175

## Sony Ericsson CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

EUR million	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	1,750	1,619	1,684	1,736	2,914	2,808	2,820	2,702
Cost of sales	-1,341	-1,367	-1,483	-1,591	-2,476	-2,192	-2,168	-1,914
<b>Gross profit</b>	<b>409</b>	<b>252</b>	<b>200</b>	<b>145</b>	<b>438</b>	<b>616</b>	<b>653</b>	<b>788</b>
Gross margin %	23.4%	15.5%	11.9%	8.4%	15.0%	21.9%	23.1%	29.2%
Research and development expenses	-299	-260	-245	-303	-359	-337	-344	-339
Selling and administrative expenses	-299	-205	-235	-225	-366	-303	-310	-270
<b>Operating expenses</b>	<b>-599</b>	<b>-465</b>	<b>-480</b>	<b>-528</b>	<b>-725</b>	<b>-640</b>	<b>-653</b>	<b>-610</b>
Other operating income, net	8	21	6	13	24	-8	-2	6
<b>Operating income</b>	<b>-181</b>	<b>-193</b>	<b>-274</b>	<b>-369</b>	<b>-262</b>	<b>-33</b>	<b>-2</b>	<b>184</b>
Operating margin %	-10.4%	-11.9%	-16.3%	-21.3%	-9.0%	-1.2%	-0.1%	6.8%
Financial income	4	3	6	9	28	25	25	24
Financial expenses	-12	-9	-15	-10	-27	-15	-14	-15
<b>Income after financial items</b>	<b>-190</b>	<b>-199</b>	<b>-283</b>	<b>-370</b>	<b>-261</b>	<b>-23</b>	<b>8</b>	<b>193</b>
Taxes	36	42	74	84	81	6	0	-57
Minority interest	-12	-6	-4	-6	-7	-8	-3	-3
<b>Net income</b>	<b>-167</b>	<b>-164</b>	<b>-213</b>	<b>-293</b>	<b>-187</b>	<b>-25</b>	<b>6</b>	<b>133</b>
Number of units shipped (million)	14.6	14.1	13.8	14.5	24.2	25.7	24.4	22.3
ASP (EUR)	120	114	122	120	121	109	116	121

EUR Million	2009				2008		
Restructuring charges	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Cost of sales	41	0	-9	7	67	0	8
Research and development expenses	72	1	9	2	35	26	2
Sales and administrative expenses	37	1	1	3	24	3	1
Other operating income, net	0	0	0	0	3	6	0
<b>Total</b>	<b>150</b>	<b>2</b>	<b>1</b>	<b>12</b>	<b>129</b>	<b>35</b>	<b>11</b>

**Sony Ericsson**  
**CONSOLIDATED BALANCE SHEET**

EUR million	Dec 31 2009	Sep 30 2009	Jun 30 2009	Dec 31 2008
<b>ASSETS</b>				
<b>Total fixed and financial assets</b>	<b>779</b>	<b>757</b>	<b>736</b>	<b>590</b>
<b>Current assets</b>				
Inventories	358	397	404	531
Accounts receivable	832	917	936	1,629
Other assets	415	416	379	585
Other short-term cash investments	489	464	456	707
Cash and bank	389	532	509	418
<b>Total current assets</b>	<b>2,483</b>	<b>2,726</b>	<b>2,685</b>	<b>3,870</b>
<b>Total assets</b>	<b>3,262</b>	<b>3,482</b>	<b>3,421</b>	<b>4,460</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity	381	532	694	1,217
Minority interest	47	43	66	57
<b>Total equity</b>	<b>428</b>	<b>575</b>	<b>760</b>	<b>1,274</b>
Borrowing, Non Current	0	50	0	0
Other long-term liabilities	32	31	30	30
<b>Total long-term liabilities</b>	<b>32</b>	<b>81</b>	<b>30</b>	<b>30</b>
Accounts payable	852	1,019	848	990
Borrowing, Current	258	105	0	53
Other current liabilities	1,692	1,702	1,782	2,113
<b>Total current liabilities</b>	<b>2,802</b>	<b>2,826</b>	<b>2,630</b>	<b>3,156</b>
<b>Total shareholders' equity and liabilities</b>	<b>3,262</b>	<b>3,482</b>	<b>3,421</b>	<b>4,460</b>
Net cash*	620	841	965	1,072

\* 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	
	2009	2008
<b>OPERATIONS</b>		
Net income	-167	-187
Adjustments to reconcile net income to cash	48	37
	<b>-119</b>	<b>-150</b>
Changes in operating net assets	-97	-168
<b>Cash flow from operating activities</b>	<b>-216</b>	<b>-318</b>
<b>INVESTMENTS</b>		
Investing activities	-10	41
<b>Cash flow from investing activities</b>	<b>-10</b>	<b>41</b>
<b>FINANCING</b>		
Financing activities	100	-46
<b>Cash flow from financing activities</b>	<b>100</b>	<b>-46</b>
<b>Net change in cash</b>	<b>-126</b>	<b>-323</b>
<b>Cash, beginning of period</b>	996	1,473
<b>Translation difference in Cash</b>	8	-25
<b>Cash, end of period</b>	<b>878</b>	<b>1,125</b>



**Sony Ericsson**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR million	Jan-Dec	
	2009	2008
<b>OPERATIONS</b>		
Net income	-836	-73
Adjustments to reconcile net income to cash	135	146
	<b>-701</b>	<b>73</b>
Changes in operating net assets	333	-323
<b>Cash flow from operating activities</b>	<b>-368</b>	<b>-250</b>
<b>INVESTMENTS</b>		
Investing activities	-84	-64
<b>Cash flow from investing activities</b>	<b>-84</b>	<b>-64</b>
<b>FINANCING</b>		
Financing activities	205	-754
<b>Cash flow from financing activities</b>	<b>205</b>	<b>-754</b>
<b>Net change in cash</b>	<b>-247</b>	<b>-1,068</b>
<b>Cash, beginning of period</b>	<b>1,125</b>	<b>2,155</b>
<b>Translation difference in Cash</b>	<b>-1</b>	<b>37</b>
<b>Cash, end of period</b>	<b>878</b>	<b>1,125</b>

**Sony Ericsson**  
**CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS**

EUR million	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>OPERATIONS</b>								
Net income	-167	-164	-213	-293	-187	-25	6	133
Adjustments to reconcile net income to cash	48	20	37	29	37	39	40	31
	<b>-119</b>	<b>-143</b>	<b>-176</b>	<b>-263</b>	<b>-150</b>	<b>15</b>	<b>46</b>	<b>164</b>
Changes in operating net assets	-97	49	60	321	-168	88	-142	-101
<b>Cash flow from operating activities</b>	<b>-216</b>	<b>-94</b>	<b>-115</b>	<b>58</b>	<b>-318</b>	<b>102</b>	<b>-96</b>	<b>64</b>
<b>INVESTMENTS</b>								
Investing activities	-10	-42	-13	-19	41	-55	-29	-22
<b>Cash flow from investing activities</b>	<b>-10</b>	<b>-42</b>	<b>-13</b>	<b>-19</b>	<b>41</b>	<b>-55</b>	<b>-29</b>	<b>-22</b>
<b>FINANCING</b>								
Financing activities	100	159	0	-53	-46	-238	-8	-462
<b>Cash flow from financing activities</b>	<b>100</b>	<b>159</b>	<b>0</b>	<b>-53</b>	<b>-46</b>	<b>-238</b>	<b>-8</b>	<b>-462</b>
<b>Net change in cash</b>	<b>-126</b>	<b>22</b>	<b>-128</b>	<b>-14</b>	<b>-323</b>	<b>-191</b>	<b>-133</b>	<b>-421</b>
<b>Cash, beginning of period</b>	<b>996</b>	<b>965</b>	<b>1,116</b>	<b>1,125</b>	<b>1,473</b>	<b>1,591</b>	<b>1,711</b>	<b>2,155</b>
<b>Translation difference in Cash</b>	<b>8</b>	<b>9</b>	<b>-23</b>	<b>5</b>	<b>-25</b>	<b>74</b>	<b>13</b>	<b>-24</b>
<b>Cash, end of period</b>	<b>878</b>	<b>996</b>	<b>965</b>	<b>1,116</b>	<b>1,125</b>	<b>1,473</b>	<b>1,591</b>	<b>1,711</b>

## Sony Ericsson NET SALES BY MARKET AREA BY QUARTER

EUR million

Isolated quarters	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	966	875	927	977	1,642	1,427	1,386	1,494
Americas	222	232	195	200	636	703	740	486
Asia	562	512	562	559	636	678	694	722
<b>Total</b>	<b>1,750</b>	<b>1,619</b>	<b>1,684</b>	<b>1,736</b>	<b>2,914</b>	<b>2,808</b>	<b>2,820</b>	<b>2,702</b>
* of which Western Europe	678	636	678	721	1,117	947	900	979

Sequential change (%)	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	10%	-6%	-5%	-40%	15%	3%	-7%	-34%
Americas	-4%	19%	-3%	-69%	-10%	-5%	52%	-24%
Asia	10%	-9%	1%	-12%	-6%	-2%	-4%	-18%
<b>Total</b>	<b>8%</b>	<b>-4%</b>	<b>-3%</b>	<b>-40%</b>	<b>4%</b>	<b>0%</b>	<b>4%</b>	<b>-28%</b>
* of which Western Europe	7%	-6%	-6%	-35%	18%	5%	-8%	-38%

Year over year change (%)	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	-41%	-39%	-33%	-35%	-27%	-17%	-20%	-7%
Americas	-65%	-67%	-74%	-59%	0%	23%	48%	33%
Asia	-12%	-25%	-19%	-23%	-28%	-17%	-21%	-25%
<b>Total</b>	<b>-40%</b>	<b>-42%</b>	<b>-40%</b>	<b>-36%</b>	<b>-23%</b>	<b>-10%</b>	<b>-9%</b>	<b>-8%</b>
* of which Western Europe	-39%	-33%	-25%	-26%	-29%	-14%	-18%	-9%

Year to date	2009				2008			
	0912	0909	0906	0903	0812	0809	0806	0803
Europe, Middle East & Africa *	3,744	2,778	1,903	977	5,947	4,306	2,879	1,494
Americas	850	627	395	200	2,566	1,930	1,226	486
Asia	2,194	1,633	1,121	559	2,731	2,094	1,416	722
<b>Total</b>	<b>6,788</b>	<b>5,038</b>	<b>3,419</b>	<b>1,736</b>	<b>11,244</b>	<b>8,330</b>	<b>5,522</b>	<b>2,702</b>
* of which Western Europe	2,714	2,036	1,400	721	3,943	2,826	1,879	979

YTD year over year change (%)	2009				2008			
	0912	0909	0906	0903	0812	0809	0806	0803
Europe, Middle East & Africa *	-37%	-35%	-34%	-35%	-18%	-15%	-13%	-7%
Americas	-67%	-67%	-68%	-59%	24%	34%	42%	33%
Asia	-20%	-22%	-21%	-23%	-23%	-21%	-23%	-25%
<b>Total</b>	<b>-40%</b>	<b>-40%</b>	<b>-38%</b>	<b>-36%</b>	<b>-13%</b>	<b>-9%</b>	<b>-9%</b>	<b>-8%</b>
* of which Western Europe	-31%	-28%	-26%	-26%	-19%	-14%	-14%	-9%