



## PRESS RELEASE

April 23, 2008

### Sony Ericsson continues to invest for future growth

#### Q1 Highlights:

- Year-on-year volume growth of 2%
- Income before taxes at higher end of forecast
- R&D investment continues to expand portfolio and addressable market
- New sub-brand XPERIA™ added to portfolio

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the first quarter ended March 31, 2008 is as follows:

	<u>Q1 2007</u>	<u>Q4 2007</u>	<u>Q1 2008</u>
Number of units shipped (million)	21.8	30.8	22.3
Sales (Euro m.)	2,925	3,771	2,702
Gross margin (%)	30.3%	31.8%	29.2%
Operating income (Euro m.)	346	489	181
Operating income (%)	11.8%	13.0%	6.7%
Income before taxes (Euro m.)	362	501	193
Net income (Euro m.)	254	373	133
Average sales price (Euro)	134	123	121

Units shipped in the quarter were 22.3 million, a 2% increase compared to the same period last year and in line with our March 19, 2008 interim announcement of 22 million units. Sales for the quarter were Euro 2,702 million, a decrease of 8% on a year ago due to slowing market growth in mid-to-high end phones in markets where Sony Ericsson has a strong presence. Gross margin was one percentage point lower than Q1 2007, reflecting a less favourable product mix. Income before taxes for the quarter was Euro 193 million, which was at the higher end of the range (Euro 150-200 million) we announced on March 19, 2008. This represented a decrease of 47% compared with a year ago, due to higher R&D investments as a percentage of sales, and reflecting that Q1 2007 was a particularly strong first quarter for the company. Net income for the quarter was 48% lower, at Euro 133 million.

“Sony Ericsson continues to invest in expanding its product portfolio to appeal to a wider variety of consumers in both new and existing markets,” said Dick Komiyama, President, Sony Ericsson. “Our product announcements during the first quarter have been well received by the industry, and we expect to see a positive effect from these announcements during the second half of 2008.”

During the quarter, Sony Ericsson added a new sub-brand to its product portfolio with the announcement of the XPERIA™ X1, a high-end multi-media convergence phone based on Windows Mobile®, which will launch in the second half of the year. In addition, the company announced a number of new phones during the quarter to increase the appeal of its brand to a broader audience. These included new high-end Walkman® and HSDPA web phones, such as the W980, W760, Z770 models and also added to its cutting-edge Cyber-shot™ range with models such as the C702 and C902.

Average selling price (ASP) decreased both sequentially and year-on-year due to the impact of softer sales of high-to-mid end models in key markets. Market share for the quarter is estimated to be around 8%, down one percentage point sequentially.

Sony Ericsson made a dividend payment of Euro 470 million during the quarter to the parent companies. A second dividend payment will be made this year.

Sony Ericsson forecasts that the global handset market for 2008 will grow at a rate of around 10% from more than 1.1 billion units in 2007. The majority of this growth is expected to be in emerging markets.

XPERIA™ is a trademark of Sony Ericsson Mobile Communications  
WALKMAN® and Cyber-shot™ are trademarks or registered trademarks of Sony Corporation  
Microsoft and Windows Mobile® are trademarks of Microsoft Corporation

## **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

- ENDS -

*Having sold over 100 million phones in 2007, Sony Ericsson is currently one of the five largest mobile phone manufacturers in the world. An important industry player operating in over 80 countries, our phones, accessories and PC cards are synonymous with innovation and style. With R&D sites in Europe, Japan, China, India and North America, diversity is one of the core strengths of the company. 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](http://www.sonyericsson.com)*

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*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	Jan-Mar		Change
	2008	2007	
Net sales	2,702	2,925	-8%
Cost of sales	-1,914	-2,039	-6%
<b>Gross profit</b>	<b>788</b>	<b>886</b>	<b>-11%</b>
Gross margin %	29.2%	30.3%	-1%
Research and development expenses	-339	-261	30%
Selling and administrative expenses	-270	-284	-5%
<b>Operating expenses</b>	<b>-610</b>	<b>-545</b>	<b>12%</b>
Other operating income, net	3	5	-36%
<b>Operating income</b>	<b>181</b>	<b>346</b>	<b>-48%</b>
Operating margin %	6.7%	11.8%	-5%
Financial income	22	18	24%
Financial expenses	-10	-2	-
<b>Income after financial items</b>	<b>193</b>	<b>362</b>	<b>-47%</b>
Taxes	-57	-100	-43%
Minority interest	-3	-9	-63%
<b>Net income</b>	<b>133</b>	<b>254</b>	<b>-48%</b>
Number of units shipped (million)	22.3	21.8	2%
ASP (EUR)	121	134	-10%

**Sony Ericsson**  
**CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS**

EUR million	2008	2007			
	Q1	Q4	Q3	Q2	Q1
Net sales	2,702	3,771	3,108	3,112	2,925
Cost of sales	-1,914	-2,573	-2,154	-2,192	-2,039
<b>Gross profit</b>	<b>788</b>	<b>1,198</b>	<b>954</b>	<b>921</b>	<b>886</b>
Gross margin %	29.2%	31.8%	30.7%	29.6%	30.3%
Research and development expenses	-339	-349	-280	-283	-261
Selling and administrative expenses	-270	-375	-280	-321	-284
<b>Operating expenses</b>	<b>-610</b>	<b>-724</b>	<b>-560</b>	<b>-604</b>	<b>-545</b>
Other operating income, net	3	15	-1	-2	5
<b>Operating income</b>	<b>181</b>	<b>489</b>	<b>393</b>	<b>315</b>	<b>346</b>
Operating margin %	6.7%	13.0%	12.7%	10.1%	11.8%
Financial income	22	19	7	18	18
Financial expenses	-10	-7	-16	-6	-2
<b>Income after financial items</b>	<b>193</b>	<b>501</b>	<b>384</b>	<b>327</b>	<b>362</b>
Taxes	-57	-118	-109	-97	-100
Minority interest	-3	-10	-8	-10	-9
<b>Net income</b>	<b>133</b>	<b>373</b>	<b>267</b>	<b>220</b>	<b>254</b>
Number of units shipped (million)	22.3	30.8	25.9	24.9	21.8
ASP (EUR)	121	123	120	125	134

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

EUR million	Mar 31 2008	Dec 31 2007	Mar 31 2007
<b>ASSETS</b>			
<b>Total fixed and financial assets</b>	<b>594</b>	<b>572</b>	<b>495</b>
<b>Current assets</b>			
Inventories	484	437	498
Accounts receivables	1,710	1,870	1,566
Other assets	369	345	859
Other short-term cash investments	1,106	1,431	1,376
Cash and bank	605	724	668
<b>Total current assets</b>	<b>4,274</b>	<b>4,808</b>	<b>4,968</b>
<b>Total assets</b>	<b>4,868</b>	<b>5,380</b>	<b>5,463</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	1,665	2,026	2,033
Minority interest	69	64	55
<b>Total equity</b>	<b>1,734</b>	<b>2,090</b>	<b>2,088</b>
<b>Total long-term liabilities</b>	<b>25</b>	<b>26</b>	<b>22</b>
Accounts payable	1,228	1,263	1,316
Other current liabilities	1,880	2,001	2,037
<b>Total current liabilities</b>	<b>3,108</b>	<b>3,264</b>	<b>3,353</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,868</b>	<b>5,380</b>	<b>5,463</b>
Net cash*	1,703	2,155	2,045

\* 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	Jan-Mar	
	2008	2007
<b>OPERATIONS</b>		
Net income	133	254
Adjustments to reconcile net income to cash	31	28
	<b>164</b>	<b>282</b>
Changes in operating net assets	-101	-454
<b>Cash flow from operating activities</b>	<b>64</b>	<b>-172</b>
<b>INVESTMENTS</b>		
Investing activities	-22	-53
<b>Cash flow from investing activities</b>	<b>-22</b>	<b>-53</b>
<b>FINANCING</b>		
Financing activities	- 462	- 1
<b>Cash flow from financing activities</b>	<b>-462</b>	<b>-1</b>
<b>Net change in cash</b>	<b>-421</b>	<b>-226</b>
<b>Cash, beginning of period</b>	<b>2,155</b>	<b>2,273</b>
<b>Translation difference in Cash</b>	<b>-24</b>	<b>-2</b>
<b>Cash, end of period</b>	<b>1,711</b>	<b>2,045</b>

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

	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
EUR million	2008	2007	2007	2007	2007
<b>OPERATIONS</b>					
Net income	133	373	267	220	254
Adjustments to reconcile net income to cash	31	17	32	30	28
	<b>164</b>	<b>390</b>	<b>299</b>	<b>250</b>	<b>282</b>
Changes in operating net assets	-101	44	88	16	-454
<b>Cash flow from operating activities</b>	<b>64</b>	<b>434</b>	<b>387</b>	<b>266</b>	<b>-172</b>
<b>INVESTMENTS</b>					
Investing activities	-22	-27	-53	-31	-53
<b>Cash flow from investing activities</b>	<b>-22</b>	<b>-27</b>	<b>-53</b>	<b>-31</b>	<b>-53</b>
<b>FINANCING</b>					
Financing activities	- 462	0	- 300	- 548	- 1
<b>Cash flow from financing activities</b>	<b>-462</b>	<b>0</b>	<b>-300</b>	<b>-548</b>	<b>-1</b>
<b>Net change in cash</b>	<b>-421</b>	<b>408</b>	<b>34</b>	<b>-312</b>	<b>-226</b>
<b>Cash, beginning of period</b>	<b>2,155</b>	<b>1,758</b>	<b>1,730</b>	<b>2,045</b>	<b>2,273</b>
<b>Translation difference in Cash</b>	<b>-24</b>	<b>-10</b>	<b>-6</b>	<b>-3</b>	<b>-2</b>
<b>Cash, end of period</b>	<b>1,711</b>	<b>2,155</b>	<b>1,758</b>	<b>1,730</b>	<b>2,045</b>



## Sony Ericsson NET SALES BY MARKET AREA BY QUARTER

EUR million

	2008	2007			
	Q1	Q4	Q3	Q2	Q1
<b>Isolated quarters</b>					
Europe, Middle East & Africa *	1,494	2,251	1,715	1,729	1,598
Americas	486	636	573	499	365
Asia	722	884	820	885	961
<b>Total</b>	<b>2,702</b>	<b>3,771</b>	<b>3,108</b>	<b>3,112</b>	<b>2,925</b>
* of which Western Europe	979	1,569	1,103	1,102	1,078

	2008	2007			
	Q1	Q4	Q3	Q2	Q1
<b>Sequential change (%)</b>					
Europe, Middle East & Africa *	-34%	31%	-1%	8%	-26%
Americas	-24%	11%	15%	37%	-34%
Asia	-18%	8%	-7%	-8%	-11%
<b>Total</b>	<b>-28%</b>	<b>21%</b>	<b>0%</b>	<b>6%</b>	<b>-23%</b>
* of which Western Europe	-38%	42%	0%	2%	-27%

	2008	2007			
	Q1	Q4	Q3	Q2	Q1
<b>Year over year change (%)</b>					
Europe, Middle East & Africa *	-7%	5%	7%	59%	55%
Americas	33%	15%	37%	52%	46%
Asia	-25%	-18%	-8%	4%	35%
<b>Total</b>	<b>-8%</b>	<b>0%</b>	<b>7%</b>	<b>37%</b>	<b>47%</b>
* of which Western Europe	-9%	6%	-1%	47%	60%

	2008	2007			
	Q1	Q4	Q3	Q2	Q1
<b>Year to date</b>	<b>0803</b>	<b>0712</b>	<b>0709</b>	<b>0706</b>	<b>0703</b>
Europe, Middle East & Africa *	1,494	7,293	5,042	3,328	1,598
Americas	486	2,072	1,436	864	365
Asia	722	3,550	2,666	1,846	961
<b>Total</b>	<b>2,702</b>	<b>12,916</b>	<b>9,145</b>	<b>6,037</b>	<b>2,925</b>
* of which Western Europe	979	4,852	3,283	2,179	1,078

	2008	2007			
	Q1	Q4	Q3	Q2	Q1
<b>YTD year over year change (%)</b>	<b>0803</b>	<b>0712</b>	<b>0709</b>	<b>0706</b>	<b>0703</b>
Europe, Middle East & Africa *	-7%	24%	36%	57%	55%
Americas	33%	34%	44%	49%	46%
Asia	-25%	0%	8%	18%	35%
<b>Total</b>	<b>-8%</b>	<b>18%</b>	<b>27%</b>	<b>42%</b>	<b>47%</b>
* of which Western Europe	-9%	21%	29%	53%	60%

