

ERICSSON LM TELEPHONE CO

Form 6-K

April 27, 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 27, 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 27, 2011** regarding ST-Ericsson reports first quarter 2011 financial results

Press Release

April 26, 2011

**ST-Ericsson reports first quarter 2011 financial results**

**Net sales \$444 million**

**Adjusted operating loss<sup>1)</sup> \$149 million**

**New high-speed modem sales nearly doubled sequentially**

**Geneva, Switzerland, April 26, 2011** - ST-Ericsson, a joint venture of STMicroelectronics (NYSE:STM) and Ericsson (NASDAQ:ERIC), reported financial results for the first fiscal quarter ending April 2, 2011.

Revenue in the first quarter reflected normal seasonal trends but declined more than anticipated on a sequential basis due to a steeper drop in sales of our legacy products, which is not yet offset by sales of new products. Primarily due to these lower sales, our adjusted operating loss increased sequentially, said Gilles Delfassy, ST-Ericsson president and CEO.

However, revenue from new products as a percentage of the total revenue grew again this quarter driven, for example, by sales of our high-speed Thor 21 megabits per second (Mbps) thin modems, which nearly doubled sequentially. We've also made further inroads with customers on our NovaThor family of products including the U8500 platform, which is on track.

In the midst of these financial results, our main focus remains on improving efficiency and securing the successful execution and delivery of our new products to customers, which will drive the long term success of the company. And I am pleased to say that seven of the top nine device manufacturers by revenue are actively engaged with us here.

We continue to believe in the direction we've set to be a formidable leader in the smartphone and tablet markets. The traction we have with customers helps confirm these beliefs. We aim to serve these customers well and complete the transition to our new product portfolio as quickly as possible.

April 26, 2011

**2011 First quarter financial summary (unaudited)**

\$ million	Q1 2011	Q4 2010	Q1 2010
<b>Income Statement</b>			
NET SALES	444	577	606
OPERATING INCOME/(LOSS) ADJUSTED <sup>1)</sup> for:	(149)	(119)	(114)
- amortization of acquisition-related intangibles	(25)	(28)	(24)
- restructuring charges	(4)	(24)	(27)
OPERATING INCOME / (LOSS) as reported	(178)	(171)	(164)
NET INCOME / (LOSS)	(178)	(177)	(154)

\$ million	Q1 2011	Q4 2010	Q1 2010
<b>Net Financial Position</b>			
Cash, cash equivalents & short-term deposits	39	68	120
Parents' short-term credit facilities	(234)	(150)	0
Net Financial Position <sup>2)</sup>	(195)	(82)	120

**Additional financial information**

The net financial position<sup>2)</sup> at the end of the first quarter was negative \$195 million. The sequential decrease was mainly due to the operating loss. During the first quarter the company sold trade receivables without recourse, of which \$148 million were outstanding at the end of the quarter, representing a sequential decrease of \$18 million.

Inventory increased by \$46 million, reaching \$321 million at the end of the first quarter, mainly due to the lower than expected sales during the quarter.

**Outlook**

For the second quarter 2011, ST-Ericsson expects net sales to decline sequentially, primarily due to the ongoing decline in legacy products. The impact of the Japan earthquake has been manageable to date; however, the company will continue to monitor the supply chain situation.

April 26, 2011

**Highlights products, technology and wins announced in first quarter 2011**Products

Launched the NovaThor family, combining the most advanced application processors (Nova ) with the latest generation of modems (Thor )

Launched the Igloo open source community and Snowball, the most comprehensive developer board, to accelerate system and software innovations on ST-Ericsson's Nova application processor

Customers

Samsung selected the Thor M5720 modem to power its Samsung Galaxy S 4G, the world's first 21 Mbps smartphone and T-Mobile's Sidekick 4G by Samsung; both are running on T-Mobile's US network

Quanta Computer selected ST-Ericsson to power its LTE tablets using the NovaThor platform

Showcased a complete TD-LTE solution with voice service for the first time, together with Ericsson and Sony Ericsson

Design-win on Thor M5730 with Ericsson's new C5621gw and H5321gw modules

Operators

Cooperation with Verizon Wireless on Thor 4G LTE modems to support its 4G LTE mobile broadband network

Demonstrated the feasibility of HSPA in 1800 MHz band with Orange, Ericsson and Quanta Computer

**Financial results appendix (unaudited)****2010 financial results by quarter**

\$ million	Q1 2010	Q2 2010	Q3 2010	Q4 2010
<b>Income Statement</b>				
NET SALES	606	544	565	577
OPERATING INCOME/(LOSS) ADJUSTED <sup>1)</sup> for:	(114)	(118)	(85)	(119)
- amortization of acquisition-related intangibles	(24)	(25)	(25)	(28)

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- restructuring charges	(27)	(5)	(19)	(24)
OPERATING INCOME / (LOSS) as reported	(164)	(148)	(129)	(171)
NET INCOME / (LOSS)	(154)	(139)	(121)	(177)

April 26, 2011

## Footnotes

1) The adjusted operating income/(loss) is defined as the operating income/(loss) reported before amortization of acquisition-related intangibles and restructuring charges and is used by management to help enhance the understanding of ongoing operations and to communicate the impact of the items on the operating loss as reported.

2) Net financial position represents the balance between financial assets, which comprise cash, cash equivalents and short-term deposits, and financial debt which includes bank overdrafts and parent companies short-term bridge credit facilities.

## Notes to editors

ST-Ericsson invites journalists, analysts and investors to a conference call scheduled on April 27 at 5 pm CET. Call-in numbers, a live webcast of the conference call, as well as supporting slides, will be available at [www.stericsson.com/investors/investors.jsp](http://www.stericsson.com/investors/investors.jsp).

## About ST-Ericsson

ST-Ericsson is a world leader in developing and delivering a complete portfolio of innovative mobile platforms and cutting-edge wireless semiconductor solutions across the broad spectrum of mobile technologies. The company is a leading supplier to the top handset manufacturers and generated sales of \$2.3 billion in 2010. ST-Ericsson was established as a 50/50 joint venture by STMicroelectronics (NYSE:STM) and Ericsson (NASDAQ:ERIC) in February 2009, with headquarters in Geneva, Switzerland.

[www.stericsson.com](http://www.stericsson.com)

[www.twitter.com/STEricssonForum](http://www.twitter.com/STEricssonForum)

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**Press Release**

April 26, 2011

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*The ST-Ericsson results reported in this press release do not reflect in their entirety the results of the Wireless Segment of STMicroelectronics, which include other activities that are not part of ST-Ericsson.*

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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 STMicroelectronics (NYSE:STM) and Ericsson's (NASDAQ:ERIC) filings with the US Securities and Exchange Commission, particularly each company's latest published Annual Report on Form 20-F.*

**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 27, 2011**