



## PRESS RELEASE

April 16, 2010

### Sony Ericsson reports first quarter 2010 results

#### Q1 Highlights:

- **Company returns to profitability in Q1 2010**
- **ASP rises to Euro 134 as Xperia™ X10 and Vivaz™ start shipping**
- **Improved cost structure generates better margins**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the first quarter ended March 31, 2010 is as follows:

	<u>Q1 2009</u>	<u>Q4 2009</u>	<u>Q1 2010</u>
Number of units shipped (million)	14.5	14.6	10.5
Sales (Euro m.)	1,736	1,750	1,405
Gross margin (%)	8%	23%	31%
Operating income (Euro m.)	-369	-181	20
Operating margin (%)	-21%	-10%	1%
Restructuring charges (Euro m.)	12	150	3
Operating income excl. restructuring charges (Euro m.)	-357	-32	23
Operating margin excl. restructuring charges (%)	-21%	-2%	2%
Income before taxes (IBT) (Euro m.)	-370	-190	18
IBT excl. restructuring charges (Euro m.)	-358	-40	21
Net income (Euro m.)	-293	-167	21
Average selling price (Euro)	120	120	134

Bert Nordberg, President, Sony Ericsson commented, "We are pleased to see the positive impact of both the launch of new products and the business transformation programme improving the company's results. The Xperia™ X10, our first android-based Communication Entertainment device featuring signature Sony Ericsson applications Timescape and Mediascape™, and Vivaz™, a beautifully designed, touch-screen Symbian phone started shipping towards the end of the quarter. Both models have been well received by global customers." He added, "Increases in both gross and operating margins show that we are on the right track to build the correct cost structure for our business organization and strategy. We will continue to work through the transformation programme to ensure that we are competitive."

Units shipped in the quarter were 10.5 million, a decrease of 28% compared to the same period last year, reflecting the streamlining of the portfolio over the past 12 months to focus on higher-end phones. Sales for the quarter were Euro 1,405 million, a decrease of 19% year on year. Average selling price (ASP) increased 12% both sequentially and year-on-year to Euro 134 during the quarter due to good sell through of existing models, new flagship phones starting to ship at the end of the quarter and a positive currency effect.

Gross margin rose both sequentially and year-on-year, reflecting a more favourable product mix and the benefit of cost of sales improvements in the past year, including the resolution of certain royalty matters during the quarter.

Income before taxes for the quarter excluding restructuring was a profit of Euro 21 million, illustrating the positive impact of the cost reduction programme.

The transformation programme, which started in mid-2008, with the aim of reducing 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 3,150 people to reach a total of 8,450 by March 31, 2010. The total restructuring charges taken to date are Euro 342 million.

As of March 31, 2010, Sony Ericsson retained a net cash position of Euro 563 million.

During the first quarter of 2010, Sony Ericsson obtained additional external funding of Euro 150 million. The funding was guaranteed by the parent companies on a 50/50 basis.

Market share in unit base for the quarter decreased by one percentage point sequentially and is now estimated to be around 4%.

Sony Ericsson maintains a forecast of slight growth in units in the global handset market in 2010.

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## **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

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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 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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*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*

**Sony Ericsson**  
**CONSOLIDATED INCOME STATEMENT**

EUR million	Jan-Mar		Change
	2010	2009	
Net sales	1,405	1,736	-19%
Cost of sales	-975	-1,591	-39%
<b>Gross profit</b>	<b>429</b>	<b>145</b>	<b>196%</b>
Gross margin %	30.6%	8.4%	22%
Research and development expenses	-216	-303	-29%
Selling and administrative expenses	-207	-225	-8%
<b>Operating expenses</b>	<b>-423</b>	<b>-528</b>	<b>-20%</b>
Other operating income, net	14	13	9%
<b>Operating income</b>	<b>20</b>	<b>-369</b>	-
Operating margin %	1.4%	-21.3%	-
Financial income	7	9	-26%
Financial expenses	-9	-10	-9%
<b>Income after financial items</b>	<b>18</b>	<b>-370</b>	-
Taxes	6	84	-93%
Minority interest	-3	-6	-51%
<b>Net income</b>	<b>21</b>	<b>-293</b>	-
Number of units shipped (million)	10.5	14.5	-28%
ASP (EUR)	134	120	12%

EUR Million	Jan-Mar	Jan-Mar
	2010	2009
Restructuring charges		
Cost of sales	-2	7
Research and development expenses	2	2
Sales and administrative expenses	3	3
Other operating income, net	0	0
<b>Total</b>	<b>3</b>	<b>12</b>

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

EUR million	2010	2009			
	Q1	Q4	Q3	Q2	Q1
Net sales	1,405	1,750	1,619	1,684	1,736
Cost of sales	-975	-1,341	-1,367	-1,483	-1,591
<b>Gross profit</b>	<b>429</b>	<b>409</b>	<b>252</b>	<b>200</b>	<b>145</b>
Gross margin %	30.6%	23.4%	15.5%	11.9%	8.4%
Research and development expenses	-216	-299	-260	-245	-303
Selling and administrative expenses	-207	-299	-205	-235	-225
<b>Operating expenses</b>	<b>-423</b>	<b>-599</b>	<b>-465</b>	<b>-480</b>	<b>-528</b>
Other operating income, net	14	8	21	6	13
<b>Operating income</b>	<b>20</b>	<b>-181</b>	<b>-193</b>	<b>-274</b>	<b>-369</b>
Operating margin %	1.4%	-10.4%	-11.9%	-16.3%	-21.3%
Financial income	7	4	3	6	9
Financial expenses	-9	-12	-9	-15	-10
<b>Income after financial items</b>	<b>18</b>	<b>-190</b>	<b>-199</b>	<b>-283</b>	<b>-370</b>
Taxes	6	36	42	74	84
Minority interest	-3	-12	-6	-4	-6
<b>Net income</b>	<b>21</b>	<b>-167</b>	<b>-164</b>	<b>-213</b>	<b>-293</b>
Number of units shipped (million)	10.5	14.6	14.1	13.8	14.5
ASP (EUR)	134	120	114	122	120

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

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

EUR million	Mar 31 2010	Dec 31 2009	Mar 31 2009
<b>ASSETS</b>			
<b>Total fixed and financial assets</b>	<b>791</b>	<b>779</b>	<b>658</b>
<b>Current assets</b>			
Inventories	384	358	477
Accounts receivable	849	832	1,193
Other assets	369	415	463
Other short-term cash investments	537	489	574
Cash and bank	443	389	542
<b>Total current assets</b>	<b>2,582</b>	<b>2,483</b>	<b>3,249</b>
<b>Total assets</b>	<b>3,373</b>	<b>3,262</b>	<b>3,908</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	438	381	930
Minority interest	54	47	65
<b>Total equity</b>	<b>492</b>	<b>428</b>	<b>995</b>
Borrowing, Non Current	100	0	0
Other long-term liabilities	37	32	30
<b>Total long-term liabilities</b>	<b>137</b>	<b>32</b>	<b>30</b>
Accounts payable	829	852	965
Borrowing, Current	316	258	0
Other current liabilities	1,599	1,692	1,918
<b>Total current liabilities</b>	<b>2,744</b>	<b>2,802</b>	<b>2,882</b>
<b>Total shareholders' equity and liabilities</b>	<b>3,373</b>	<b>3,262</b>	<b>3,908</b>
Net cash*	563	620	1,116

\* 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	
	2010	2009
<b>OPERATIONS</b>		
Net income	21	-293
Adjustments to reconcile net income to cash	-44	29
	<b>-23</b>	<b>-263</b>
Changes in operating net assets	-72	321
<b>Cash flow from operating activities</b>	<b>-94</b>	<b>58</b>
<b>INVESTMENTS</b>		
Investing activities	27	-19
<b>Cash flow from investing activities</b>	<b>27</b>	<b>-19</b>
<b>FINANCING</b>		
Financing activities	150	-53
<b>Cash flow from financing activities</b>	<b>150</b>	<b>-53</b>
<b>Net change in cash</b>	<b>83</b>	<b>-14</b>
<b>Cash, beginning of period</b>	<b>878</b>	<b>1,125</b>
<b>Translation difference in Cash</b>	<b>19</b>	<b>5</b>
<b>Cash, end of period</b>	<b>980</b>	<b>1,116</b>

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

EUR million	2010	2009			
	Q1	Q4	Q3	Q2	Q1
<b>OPERATIONS</b>					
Net income	21	-167	-164	-213	-293
Adjustments to reconcile net income to cash	-44	48	20	37	29
	<b>-23</b>	<b>-119</b>	<b>-143</b>	<b>-176</b>	<b>-263</b>
Changes in operating net assets	-72	-97	49	60	321
<b>Cash flow from operating activities</b>	<b>-94</b>	<b>-216</b>	<b>-94</b>	<b>-115</b>	<b>58</b>
<b>INVESTMENTS</b>					
Investing activities	27	-10	-42	-13	-19
<b>Cash flow from investing activities</b>	<b>27</b>	<b>-10</b>	<b>-42</b>	<b>-13</b>	<b>-19</b>
<b>FINANCING</b>					
Financing activities	150	100	159	0	-53
<b>Cash flow from financing activities</b>	<b>150</b>	<b>100</b>	<b>159</b>	<b>0</b>	<b>-53</b>
<b>Net change in cash</b>	<b>83</b>	<b>-126</b>	<b>22</b>	<b>-128</b>	<b>-14</b>
<b>Cash, beginning of period</b>	<b>878</b>	<b>996</b>	<b>965</b>	<b>1,116</b>	<b>1,125</b>
<b>Translation difference in Cash</b>	<b>19</b>	<b>8</b>	<b>9</b>	<b>-23</b>	<b>5</b>
<b>Cash, end of period</b>	<b>980</b>	<b>878</b>	<b>996</b>	<b>965</b>	<b>1,116</b>

**Sony Ericsson**  
**NET SALES BY MARKET AREA BY QUARTER**

EUR million

	2010		2009		
	Q1	Q4	Q3	Q2	Q1
<b>Isolated quarters</b>					
Europe, Middle East & Africa *	711	966	875	927	977
Americas	201	222	232	195	200
Asia	493	562	512	562	559
<b>Total</b>	<b>1,405</b>	<b>1,750</b>	<b>1,619</b>	<b>1,684</b>	<b>1,736</b>
* of which Western Europe	525	678	636	678	721

	2010		2009		
	Q1	Q4	Q3	Q2	Q1
<b>Sequential change (%)</b>					
Europe, Middle East & Africa *	-26%	10%	-6%	-5%	-40%
Americas	-10%	-4%	19%	-3%	-69%
Asia	-12%	10%	-9%	1%	-12%
<b>Total</b>	<b>-20%</b>	<b>8%</b>	<b>-4%</b>	<b>-3%</b>	<b>-40%</b>
* of which Western Europe	-23%	7%	-6%	-6%	-35%

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

	2010		2009		
	Q1	Q4	Q3	Q2	Q1
<b>Year to date</b>	<b>1003</b>	<b>0912</b>	<b>0909</b>	<b>0906</b>	<b>0903</b>
Europe, Middle East & Africa *	711	3,744	2,778	1,903	977
Americas	201	850	627	395	200
Asia	493	2,194	1,633	1,121	559
<b>Total</b>	<b>1,405</b>	<b>6,788</b>	<b>5,038</b>	<b>3,419</b>	<b>1,736</b>
* of which Western Europe	525	2,714	2,036	1,400	721

	2010		2009		
	Q1	Q4	Q3	Q2	Q1
<b>YTD year over year change (%)</b>	<b>1003</b>	<b>0912</b>	<b>0909</b>	<b>0906</b>	<b>0903</b>
Europe, Middle East & Africa *	-27%	-37%	-35%	-34%	-35%
Americas	1%	-67%	-67%	-68%	-59%
Asia	-12%	-20%	-22%	-21%	-23%
<b>Total</b>	<b>-19%</b>	<b>-40%</b>	<b>-40%</b>	<b>-38%</b>	<b>-36%</b>
* of which Western Europe	-27%	-31%	-28%	-26%	-26%