



## PRESS RELEASE

January 16, 2008

# Sony Ericsson sells over 100 million handsets in 2007

### Q4 Highlights:

- 18% increase in volume year-on-year
- Continued market share gains and profitable growth
- Continued investment for the future

### 2007 Highlights:

- Over 100 million units sold – more than double global market growth rate
- Margins remain strong as company shifts to broader portfolio
- Unit growth underpinned by increased sales of lower priced phones
- 145 million music enabled phones sold to date, of which 57 million were Walkman® phones – maintaining leadership in music

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the fourth quarter ended December 31, 2007 is as follows:

	<u>Q4 2006</u>	<u>Q3 2007</u>	<u>Q4 2007</u>	<u>2006 FY</u>	<u>2007FY</u>
<b>Number of units shipped (million)</b>	26.0	25.9	30.8	74.8	103.4
<b>Sales (Euro m.)</b>	3,782	3,108	3,771	10,959	12,916
<b>Gross Margin (%)</b>	29.0%	30.7%	31.8%	29.1%	30.6%
<b>Operating Income (Euro m.)</b>	484	393	489	1,257	1,544
<b>Operating Margin (%)</b>	12.8%	12.7%	13.0%	11.5%	11.9%
<b>Income before taxes (Euro m.)</b>	502	384	501	1,298	1,574
<b>Net Income (Euro m.)</b>	447	267	373	997	1,114
<b>Average Sales Price (Euro)</b>	146	120	123	146	125

Units shipped in the quarter reached 30.8 million, a 18% increase compared to the same period last year, generating continued sequential and year-on-year market share gains. Sales for the quarter were Euro 3,771 million, in line with sales a year ago reflecting a strategic shift to a greater proportion of lower priced handsets in the product portfolio. Income before taxes for the quarter was Euro 501 million in line with a year ago. Net income for the quarter was Euro 373 million.

Sony Ericsson gained market share during the quarter due to the continued success of such products as the K550 Cyber-shot™ and the W200, W300 and W580 Walkman® phones in the Americas and Europe. Although Average Selling Price (ASP) increased slightly sequentially during the quarter, as a result of the introduction of new flag-ship Walkman® and Cyber-shot™ phones such as the W910 and K850 models, the trend for falling ASPs year-on-year reflects the company's direction to broaden its product portfolio.

“Sony Ericsson finished a very good year, which highlighted how the company has strategically positioned itself to capture market share with an expanded product portfolio. Investments are being made in both R&D and brand building, to deepen the portfolio and strengthen Sony Ericsson's presence in new and developing markets around the world. Our target remains to become one of the top three players in the industry, and the momentum we established in 2006 and 2007 makes this a realistic and achievable ambition,” said Dick Komiyama, President of Sony Ericsson.

Sony Ericsson estimates the 2007 global handset market as being over 1.1 billion units, in line with previous forecasts. On this basis the company believes it grew market share around 2 percentage points to reach slightly over 9% for the full year 2007 compared to full year 2006.

During the fourth quarter Sony Ericsson announced that it had entered into a series of agreements with Motorola, Inc. whereby Motorola acquired 50% of the share capital in U.I. Holdings BV, the Dutch owner of the Swedish software company UIQ Technology AB, which was acquired by Sony Ericsson from Symbian Ltd. earlier in the year. The transaction was ratified by the appropriate competition authorities during the quarter.

Sony Ericsson announced a number of new products during the quarter including high-end W890 Walkman® and the K630 and the K660 HSDPA web phones. The company also announced its strategy to expand Sony Ericsson's PlayNow™ digital content distribution application into a full service proposition during 2008.

On November 1, 2007 Sony Ericsson's president Miles Flint stepped down and Hideki 'Dick' Komiyama joined the company to replace him. Dick Komiyama joined Sony Ericsson from Sony Corporation where he was Director, Chairman, Sony Electronics Inc., USA, and Executive Vice President of Electronics Marketing and Sales Strategies of Sony Corporation, Japan.

WALKMAN® and Cyber-shot™ are trademarks or registered trademarks of Sony Corporation.

PlayNow™ is a trademark of Sony Ericsson.

## **EDITOR'S NOTES:**

### Financial Statements and Additional Information:

#### Financial Statements:

Consolidated Income Statement  
Consolidated Income Statement – Year-to-Date  
Consolidated Income Statement – Isolated Quarters  
Consolidated Balance Sheet  
Consolidated Statement of Cash Flows  
Consolidated Statement of Cash Flows – Year-to-Date  
Consolidated Statement of Cash Flows – Isolated Quarters

#### Additional Information:

Net Sales by Market Area by Quarter

- ENDS -

*Sony Ericsson Mobile Communications was established as a 50:50 joint venture by Sony and Ericsson in October 2001, with global corporate functions located in London. The company serves the worldwide communications market with innovative and feature-rich mobile phones, accessories and PC-cards, and it has R&D sites in Europe, Japan, China, India and America. Sony Ericsson is the title sponsor of the Women's Tennis Association, and works with the Association to promote the Sony Ericsson WTA Tour in over 80 cities during the year. For more information, please visit [www.sonyericsson.com](http://www.sonyericsson.com)*

**CONTACTS:**

Investors/Analysts

**Ericsson Investor Relations**

Gary Pinkham (Stockholm) +46 8 719 0858

**Sony Investor Relations**

Shinji Tomita (London) +44 207 444 9713

Tatsuyuki Sonoda (Tokyo) +81 3 6748 2180

Press/Media

**Sony Ericsson Corporate Communications & PR**

Aldo Liguori (London) +44 208 762 5860

Merran Wrigley (London) +44 208 762 5862

*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		Change
	2007	2006	
Net sales	3,771	3,782	0%
Cost of sales	-2,573	-2,686	-4%
<b>Gross profit</b>	<b>1,198</b>	<b>1,096</b>	<b>9%</b>
Gross margin %	31.8%	29.0%	3%
Research and development expenses	-349	-256	36%
Selling and administrative expenses	-375	-367	2%
<b>Operating expenses</b>	<b>-724</b>	<b>-623</b>	<b>16%</b>
Other operating income, net	15	10	43%
<b>Operating income</b>	<b>489</b>	<b>484</b>	<b>1%</b>
Operating margin %	13.0%	12.8%	0%
Financial income	19	19	3%
Financial expenses	-7	0	-
<b>Income after financial items</b>	<b>501</b>	<b>502</b>	<b>0%</b>
Taxes	-118	-43	176%
Minority interest	-10	-12	-18%
<b>Net income</b>	<b>373</b>	<b>447</b>	<b>-17%</b>
Number of units shipped (million)	30.8	26.0	18%
ASP (EUR)	123	146	-16%

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

EUR million	Jan-Dec		Change
	2007	2006	
Net sales	12,916	10,959	18%
Cost of sales	-8,958	-7,775	15%
<b>Gross profit</b>	<b>3,958</b>	<b>3,184</b>	<b>24%</b>
Gross margin %	30.6%	29.1%	2%
Research and development expenses	-1,173	-906	29%
Selling and administrative expenses	-1,260	-1,086	16%
<b>Operating expenses</b>	<b>-2,432</b>	<b>-1,992</b>	<b>22%</b>
Other operating income, net	18	65	-74%
<b>Operating income</b>	<b>1,544</b>	<b>1,257</b>	<b>23%</b>
Operating margin %	11.9%	11.5%	0%
Financial income	62	43	43%
Financial expenses	-32	-2	-
<b>Income after financial items</b>	<b>1,574</b>	<b>1,298</b>	<b>21%</b>
Taxes	-423	-267	59%
Minority interest	-36	-33	9%
<b>Net income</b>	<b>1,114</b>	<b>997</b>	<b>12%</b>
Number of units shipped (million)	103.4	74.8	38%
ASP (EUR)	125	146	-15%

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

EUR million	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	3,771	3,108	3,112	2,925	3,782	2,913	2,272	1,992
Cost of sales	-2,573	-2,154	-2,192	-2,039	-2,686	-1,995	-1,625	-1,469
<b>Gross profit</b>	<b>1,198</b>	<b>954</b>	<b>921</b>	<b>886</b>	<b>1,096</b>	<b>917</b>	<b>647</b>	<b>524</b>
Gross margin %	31.8%	30.7%	29.6%	30.3%	29.0%	31.5%	28.5%	26.3%
Research and development expenses	-349	-280	-283	-261	-256	-225	-223	-202
Selling and administrative expenses	-375	-280	-321	-284	-367	-287	-246	-186
<b>Operating expenses</b>	<b>-724</b>	<b>-560</b>	<b>-604</b>	<b>-545</b>	<b>-623</b>	<b>-511</b>	<b>-470</b>	<b>-388</b>
Other operating income, net	15	-1	-2	5	10	21	26	7
<b>Operating income</b>	<b>489</b>	<b>393</b>	<b>315</b>	<b>346</b>	<b>484</b>	<b>427</b>	<b>203</b>	<b>143</b>
Operating margin %	13.0%	12.7%	10.1%	11.8%	12.8%	14.6%	8.9%	7.2%
Financial income	19	7	18	18	19	8	8	9
Financial expenses	-7	-16	-6	-2	0	-1	0	0
<b>Income after financial items</b>	<b>501</b>	<b>384</b>	<b>327</b>	<b>362</b>	<b>502</b>	<b>433</b>	<b>211</b>	<b>151</b>
Taxes	-118	-109	-97	-100	-43	-127	-64	-34
Minority interest	-10	-8	-10	-9	-12	-8	-5	-9
<b>Net income</b>	<b>373</b>	<b>267</b>	<b>220</b>	<b>254</b>	<b>447</b>	<b>298</b>	<b>143</b>	<b>109</b>
Number of units shipped (million)	30.8	25.9	24.9	21.8	26.0	19.8	15.7	13.3
ASP (EUR)	123	120	125	134	146	147	145	149

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

EUR million	Dec 31 2007	Sep 30 2007	Dec 31 2006
<b>ASSETS</b>			
<b>Total fixed and financial assets</b>	<b>572</b>	<b>511</b>	<b>469</b>
<b>Current assets</b>			
Inventories	437	620	437
Accounts receivables	1,870	1,803	1,653
Other assets	345	544	310
Other short-term cash investments	1,431	954	1,580
Cash and bank	724	804	693
<b>Total current assets</b>	<b>4,808</b>	<b>4,725</b>	<b>4,673</b>
<b>Total assets</b>	<b>5,380</b>	<b>5,236</b>	<b>5,141</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	2,026	1,663	1,781
Minority interest	64	70	45
<b>Total equity</b>	<b>2,090</b>	<b>1,733</b>	<b>1,826</b>
<b>Total long-term liabilities</b>	<b>26</b>	<b>22</b>	<b>20</b>
Accounts payable	1,263	1,602	1,276
Other current liabilities	2,001	1,879	2,019
<b>Total current liabilities</b>	<b>3,264</b>	<b>3,481</b>	<b>3,296</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,380</b>	<b>5,236</b>	<b>5,141</b>
Net cash*	2,155	1,758	2,272

\* 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	
	2007	2006
<b>OPERATIONS</b>		
Net income	373	447
Adjustments to reconcile net income to cash	17	23
	<b>390</b>	<b>470</b>
Changes in operating net assets	44	50
<b>Cash flow from operating activities</b>	<b>434</b>	<b>520</b>
<b>INVESTMENTS</b>		
Investing activities	-27	-26
<b>Cash flow from investing activities</b>	<b>-27</b>	<b>-26</b>
<b>FINANCING</b>		
Financing activities	0	-66
<b>Cash flow from financing activities</b>	<b>0</b>	<b>-66</b>
<b>Net change in cash</b>	<b>408</b>	<b>428</b>
<b>Cash, beginning of period</b>	<b>1,758</b>	<b>1,861</b>
<b>Translation difference in Cash</b>	<b>-10</b>	<b>-16</b>
<b>Cash, end of period</b>	<b>2,155</b>	<b>2,273</b>

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

EUR million	Jan-Dec	
	2007	2006
<b>OPERATIONS</b>		
Net income	1,114	997
Adjustments to reconcile net income to cash	107	85
	<b>1,221</b>	<b>1,082</b>
Changes in operating net assets	-305	100
<b>Cash flow from operating activities</b>	<b>916</b>	<b>1,182</b>
<b>INVESTMENTS</b>		
Investing activities	-164	-134
<b>Cash flow from investing activities</b>	<b>-164</b>	<b>-134</b>
<b>FINANCING</b>		
Financing activities	- 849	-278
<b>Cash flow from financing activities</b>	<b>-849</b>	<b>-278</b>
<b>Net change in cash</b>	<b>-97</b>	<b>770</b>
<b>Cash, beginning of period</b>	<b>2,273</b>	<b>1,537</b>
<b>Translation difference in Cash</b>	<b>-21</b>	<b>-34</b>
<b>Cash, end of period</b>	<b>2,155</b>	<b>2,273</b>

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

EUR million	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
	2007	2007	2007	2007	2006	2006	2006	2006
<b>OPERATIONS</b>								
Net income	373	267	220	254	447	298	143	109
Adjustments to reconcile net income to cash	17	32	30	28	23	20	22	20
	<b>390</b>	<b>299</b>	<b>250</b>	<b>282</b>	<b>470</b>	<b>318</b>	<b>165</b>	<b>129</b>
Changes in operating net assets	44	88	16	-454	50	-21	18	53
<b>Cash flow from operating activities</b>	<b>434</b>	<b>387</b>	<b>266</b>	<b>-172</b>	<b>520</b>	<b>297</b>	<b>183</b>	<b>182</b>
<b>INVESTMENTS</b>								
Investing activities	-27	-53	-31	-53	-26	-36	-29	-43
<b>Cash flow from investing activities</b>	<b>-27</b>	<b>-53</b>	<b>-31</b>	<b>-53</b>	<b>-26</b>	<b>-36</b>	<b>-29</b>	<b>-43</b>
<b>FINANCING</b>								
Financing activities	0	-300	-548	-1	-66	-2	26	-236
<b>Cash flow from financing activities</b>	<b>0</b>	<b>-300</b>	<b>-548</b>	<b>-1</b>	<b>-66</b>	<b>-2</b>	<b>26</b>	<b>-236</b>
<b>Net change in cash</b>	<b>408</b>	<b>34</b>	<b>-312</b>	<b>-226</b>	<b>428</b>	<b>259</b>	<b>180</b>	<b>-97</b>
<b>Cash, beginning of period</b>	<b>1,758</b>	<b>1,730</b>	<b>2,045</b>	<b>2,273</b>	<b>1,861</b>	<b>1,595</b>	<b>1,428</b>	<b>1,537</b>
<b>Translation difference in Cash</b>	<b>-10</b>	<b>-6</b>	<b>-3</b>	<b>-2</b>	<b>-16</b>	<b>7</b>	<b>-13</b>	<b>-12</b>
<b>Cash, end of period</b>	<b>2,155</b>	<b>1,758</b>	<b>1,730</b>	<b>2,045</b>	<b>2,273</b>	<b>1,861</b>	<b>1,595</b>	<b>1,428</b>

## Sony Ericsson NET SALES BY MARKET AREA BY QUARTER

EUR million

Isolated quarters	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	2,251	1,715	1,729	1,598	2,145	1,600	1,090	1,029
Americas	636	573	499	365	555	417	328	250
Asia	884	820	885	961	1,082	896	853	713
<b>Total</b>	<b>3,771</b>	<b>3,108</b>	<b>3,112</b>	<b>2,925</b>	<b>3,782</b>	<b>2,913</b>	<b>2,272</b>	<b>1,992</b>
* of which Western Europe	1,569	1,103	1,102	1,078	1,478	1,115	748	674

Sequential change (%)	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	31%	-1%	8%	-26%	34%	47%	6%	-27%
Americas	11%	15%	37%	-34%	33%	27%	31%	-19%
Asia	8%	-7%	-8%	-11%	21%	5%	20%	20%
<b>Total</b>	<b>21%</b>	<b>0%</b>	<b>6%</b>	<b>-23%</b>	<b>30%</b>	<b>28%</b>	<b>14%</b>	<b>-14%</b>
* of which Western Europe	42%	0%	2%	-27%	33%	49%	11%	-35%

Year over year change (%)	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	5%	7%	59%	55%	52%	35%	43%	71%
Americas	15%	37%	52%	46%	79%	77%	53%	53%
Asia	-18%	-8%	4%	35%	83%	42%	33%	36%
<b>Total</b>	<b>0%</b>	<b>7%</b>	<b>37%</b>	<b>47%</b>	<b>64%</b>	<b>42%</b>	<b>41%</b>	<b>55%</b>
* of which Western Europe	6%	-1%	47%	60%	45%	33%	42%	84%

Year to date	2007				2006			
	0712	0709	0706	0703	0612	0609	0606	0603
Europe, Middle East & Africa *	7,293	5,042	3,328	1,598	5,865	3,720	2,120	1,029
Americas	2,072	1,436	864	365	1,550	995	578	250
Asia	3,550	2,666	1,846	961	3,544	2,462	1,566	713
<b>Total</b>	<b>12,916</b>	<b>9,145</b>	<b>6,037</b>	<b>2,925</b>	<b>10,959</b>	<b>7,177</b>	<b>4,264</b>	<b>1,992</b>
* of which Western Europe	4,852	3,283	2,179	1,078	4,014	2,537	1,422	674

YTD year over year change (%)	2007				2006			
	0712	0709	0706	0703	0612	0609	0606	0603
Europe, Middle East & Africa *	24%	36%	57%	55%	48%	46%	56%	71%
Americas	34%	44%	49%	46%	68%	62%	53%	53%
Asia	0%	8%	18%	35%	48%	37%	35%	36%
<b>Total</b>	<b>18%</b>	<b>27%</b>	<b>42%</b>	<b>47%</b>	<b>51%</b>	<b>45%</b>	<b>47%</b>	<b>55%</b>
* of which Western Europe	21%	29%	53%	60%	46%	46%	59%	84%