

**PRESS RELEASE**
**January 20, 2011**
**Sony Ericsson reports fourth quarter and full year 2010 results**
**Highlights:**

- **Four consecutive quarters of profitability during 2010**
- **Improvement of Euro 1.1 billion of income before taxes, excluding restructuring charges, for the full year**
- **Over 9 million Android-based Xperia™ phones shipped since launch**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the fourth quarter and full year ended December 31, 2010 is as follows:

	<u>Q4 2009</u>	<u>Q3 2010</u>	<u>Q4 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
Number of units shipped (million)	14.6	10.4	<b>11.2</b>	57.1	<b>43.1</b>
Sales (Euro m.)	1,750	1,603	<b>1,528</b>	6,788	<b>6,294</b>
Gross margin (%)	23%	30%	<b>30%</b>	15%	<b>29%</b>
Operating income (Euro m.)	-181	63	<b>39</b>	-1,018	<b>159</b>
Operating margin (%)	-10%	4%	<b>3%</b>	-15%	<b>3%</b>
Restructuring charges (Euro m.)	-150	-4	<b>-3</b>	-164	<b>-42</b>
Operating income excl. restructuring charges (Euro m.)	-32	67	<b>43</b>	-854	<b>202</b>
Operating margin excl. restructuring charges (%)	-2%	4%	<b>3%</b>	-13%	<b>3%</b>
Income before taxes (IBT) (Euro m.)	-190	62	<b>35</b>	-1,043	<b>147</b>
IBT excl. restructuring charges (Euro m.)	-40	66	<b>39</b>	-878	<b>189</b>
Net income (Euro m.)	-167	49	<b>8</b>	-836	<b>90</b>
Average selling price (Euro)	120	154	<b>136</b>	119	<b>146</b>

Bert Nordberg, President & CEO of Sony Ericsson commented, "2010 was a turnaround year for Sony Ericsson. Our four consecutive quarters of profit reflect the success of our shift towards an Android-based smartphone portfolio. We will celebrate the 10th anniversary of the creation of Sony Ericsson in 2011, and as shown by the recently announced Xperia™ arc, we will continue to focus on delivering the most entertaining smartphones worldwide."

Income before taxes, excluding restructuring charges, was Euro 189 million for the full year 2010, compared with a loss of Euro 878 million in 2009. The improvement of approximately Euro 1.1 billion was driven by the success of a streamlined product portfolio focused on higher-end smartphones and an improved cost structure. Sales for the full year 2010 were Euro 6,294 million, a decrease of 7% from 2009, while gross margin improved from 15% in 2009 to 29%, in 2010.

During 2010 Sony Ericsson completed its company-wide transformation programme, improving its cost of sales ratio, reducing its global workforce by approximately 4,000 people in total, consolidating its facilities worldwide and decreasing annual operating expenses by more than Euro 880 million. The total restructuring charges for the transformation programme were Euro 381 million.

Units shipped during the fourth quarter were 11.2 million, a year-on-year decrease of 23%, consistent with the streamlining of the portfolio to focus on higher-end smartphones. The sequential increase of 8%, related to seasonal factors, was somewhat constrained by a lack of new product launches during the quarter. Average selling price (ASP) for the quarter was Euro 136, a 13% increase year-on-year. ASP decreased 12% sequentially, mainly due to price erosion, foreign exchange and product mix. Sales for the quarter were Euro 1,528 million, a decrease of 13% year-on-year and a decrease of 5% sequentially.

The gross margin for the fourth quarter was 30%, an increase of 7 percentage points year-on-year and essentially flat sequentially, including the benefit of some one-time items, relating to certain royalty matters and warranty estimates.

Income before taxes for the fourth quarter, excluding restructuring charges, was a profit of Euro 39 million, an increase of Euro 79 million year-on-year and a decrease of Euro 27 million sequentially, mainly due to lower sales.

Sony Ericsson's net cash position as of December 31, 2010 was Euro 375 million. The negative cash flow from operating activities for the quarter was Euro 128 million, mainly due to increases in inventory due to seasonal factors as well as payments related to the transformation programme.

During the quarter term loan facilities of Euro 150 million matured and were repaid in full.

Sony Ericsson estimates that the global handset market for the full year 2010 increased slightly in volume to almost 1.2 billion units. The company estimates that the global handset market for the fourth quarter was essentially flat year-on-year and its market share for the fourth quarter was approximately 3% in units and approximately 5% in value. Sony Ericsson estimates that its market share for the full year 2010 was approximately 4% in units and approximately 6% in value.

Sony Ericsson forecasts modest growth in units in the global handset market for 2011.

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## **EDITOR'S NOTES:**

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Consolidated statement of cash flows – isolated quarters  
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. Sony Ericsson's 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	Oct-Dec			Jan-Dec		
	2009	2010	Change	2009	2010	Change
Net sales	1,750	1,528	-13%	6,788	6,294	-7%
Cost of sales	-1,341	-1,069	-20%	-5,782	-4,440	-23%
<b>Gross profit</b>	<b>409</b>	<b>459</b>	<b>12%</b>	<b>1,006</b>	<b>1,853</b>	<b>84%</b>
Gross margin %	23%	30%	7%	15%	29%	14%
Research and development expenses	-299	-214	-28%	-1,108	-840	-24%
Selling and administrative expenses	-299	-212	-29%	-964	-893	-7%
<b>Operating expenses</b>	<b>-599</b>	<b>-427</b>	<b>-29%</b>	<b>-2,072</b>	<b>-1,732</b>	<b>-16%</b>
Other operating income, net	8	7	-13%	48	38	-21%
<b>Operating income</b>	<b>-181</b>	<b>39</b>		<b>-1,018</b>	<b>159</b>	
Operating margin %	-10%	3%		-15%	3%	
Financial income	4	2	-50%	21	18	-14%
Financial expenses	-12	-6	-50%	-46	-30	-35%
<b>Income before taxes</b>	<b>-190</b>	<b>35</b>		<b>-1,043</b>	<b>147</b>	
Taxes	36	-27		236	-48	
Minority interest	-12	0		-29	-9	-69%
<b>Net income</b>	<b>-167</b>	<b>8</b>		<b>-836</b>	<b>90</b>	
Number of units shipped (million)	14.6	11.2	-23%	57.1	43.1	-25%
ASP (EUR)	120	136	13%	119	146	23%

EUR million	Oct-Dec		Jan-Dec	
	2009	2010	2009	2010
Restructuring charges				
Cost of sales	-41	2	-39	-32
Research and development expenses	-72	0	-84	7
Sales and administrative expenses	-37	-5	-41	-17
<b>Total</b>	<b>-150</b>	<b>-3</b>	<b>-164</b>	<b>-42</b>

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

EUR million	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	1,736	1,684	1,619	1,750	1,405	1,757	1,603	1,528
Cost of sales	-1,591	-1,483	-1,367	-1,341	-975	-1,266	-1,130	-1,069
<b>Gross profit</b>	<b>145</b>	<b>200</b>	<b>252</b>	<b>409</b>	<b>429</b>	<b>492</b>	<b>473</b>	<b>459</b>
Gross margin %	8%	12%	16%	23%	31%	28%	30%	30%
Research and development expenses	-303	-245	-260	-299	-216	-218	-191	-214
Selling and administrative expenses	-225	-235	-205	-299	-207	-245	-228	-212
<b>Operating expenses</b>	<b>-528</b>	<b>-480</b>	<b>-465</b>	<b>-599</b>	<b>-423</b>	<b>-463</b>	<b>-420</b>	<b>-427</b>
Other operating income, net	13	6	21	8	14	7	10	7
<b>Operating income</b>	<b>-369</b>	<b>-274</b>	<b>-193</b>	<b>-181</b>	<b>20</b>	<b>36</b>	<b>63</b>	<b>39</b>
Operating margin %	-21%	-16%	-12%	-10%	1%	2%	4%	3%
Financial income	9	6	3	4	7	2	7	2
Financial expenses	-10	-15	-9	-12	-9	-7	-8	-6
<b>Income before taxes</b>	<b>-370</b>	<b>-283</b>	<b>-199</b>	<b>-190</b>	<b>18</b>	<b>31</b>	<b>62</b>	<b>35</b>
Taxes	84	74	42	36	6	-16	-12	-27
Minority interest	-6	-4	-6	-12	-3	-4	-2	0
<b>Net income</b>	<b>-293</b>	<b>-213</b>	<b>-164</b>	<b>-167</b>	<b>21</b>	<b>12</b>	<b>49</b>	<b>8</b>
Number of units shipped (million)	14.5	13.8	14.1	14.6	10.5	11.0	10.4	11.2
ASP (EUR)	120	122	114	120	134	160	154	136

EUR million	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Restructuring charges								
Cost of sales	-7	9	0	-41	2	-33	-3	2
Research and development expenses	-2	-9	-1	-72	-2	-1	10	0
Sales and administrative expenses	-3	-1	-1	-37	-3	2	-11	-5
<b>Total</b>	<b>-12</b>	<b>-1</b>	<b>-2</b>	<b>-150</b>	<b>-3</b>	<b>-32</b>	<b>-4</b>	<b>-3</b>

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

EUR million	Dec 31 2009	Jun 30 2010	Sep 30 2010	Dec 31 2010
<b>ASSETS</b>				
<b>Total fixed and financial assets</b>	<b>779</b>	<b>836</b>	<b>813</b>	<b>803</b>
<b>Current assets</b>				
Inventories	358	467	457	460
Accounts receivable	832	1,063	986	836
Other assets	415	412	328	295
Other short-term cash investments	489	477	440	276
Cash and bank	389	562	482	329
<b>Total current assets</b>	<b>2,483</b>	<b>2,981</b>	<b>2,692</b>	<b>2,196</b>
<b>Total assets</b>	<b>3,262</b>	<b>3,817</b>	<b>3,505</b>	<b>2,999</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity	381	510	480	532
Minority interest	47	66	62	42
<b>Total equity</b>	<b>428</b>	<b>575</b>	<b>541</b>	<b>574</b>
Borrowing, Non Current	0	101	100	100
Other long-term liabilities	32	40	30	32
<b>Total long-term liabilities</b>	<b>32</b>	<b>141</b>	<b>130</b>	<b>132</b>
Accounts payable	852	973	922	769
Borrowing, Current	258	329	284	130
Other current liabilities	1,692	1,798	1,628	1,394
<b>Total current liabilities</b>	<b>2,802</b>	<b>3,101</b>	<b>2,834</b>	<b>2,293</b>
<b>Total shareholders' equity and liabilities</b>	<b>3,262</b>	<b>3,817</b>	<b>3,505</b>	<b>2,999</b>
Net cash*	620	609	538	375

\* 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		Jan-Dec	
	2009	2010	2009	2010
<b>OPERATING</b>				
Net income	-167	8	-836	90
Adjustments to reconcile net income to cash	48	-50	135	-156
	<b>-119</b>	<b>-42</b>	<b>-701</b>	<b>-65</b>
Changes in operating net assets	-97	-86	333	-183
<b>Cash flow from operating activities</b>	<b>-216</b>	<b>-128</b>	<b>-368</b>	<b>-248</b>
<b>INVESTING</b>				
Investing activities	-10	-18	-84	-4
<b>Cash flow from investing activities</b>	<b>-10</b>	<b>-18</b>	<b>-84</b>	<b>-4</b>
<b>FINANCING</b>				
Financing activities	100	-178	205	-60
<b>Cash flow from financing activities</b>	<b>100</b>	<b>-178</b>	<b>205</b>	<b>-60</b>
<b>Net change in cash</b>	<b>-126</b>	<b>-324</b>	<b>-247</b>	<b>-312</b>
<b>Cash, beginning of period</b>	<b>996</b>	<b>921</b>	<b>1,125</b>	<b>878</b>
<b>Translation difference in Cash</b>	<b>8</b>	<b>7</b>	<b>-1</b>	<b>38</b>
<b>Cash, end of period</b>	<b>878</b>	<b>605</b>	<b>878</b>	<b>605</b>

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

EUR million	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>OPERATING</b>								
Net income	-293	-213	-164	-167	21	12	49	8
Adjustments to reconcile net income to cash	29	37	20	48	-44	4	-66	-50
	<b>-263</b>	<b>-176</b>	<b>-143</b>	<b>-119</b>	<b>-23</b>	<b>16</b>	<b>-17</b>	<b>-42</b>
Changes in operating net assets	321	60	49	-97	-72	13	-38	-86
<b>Cash flow from operating activities</b>	<b>58</b>	<b>-115</b>	<b>-94</b>	<b>-216</b>	<b>-94</b>	<b>29</b>	<b>-54</b>	<b>-128</b>
<b>INVESTING</b>								
Investing activities	-19	-13	-42	-10	27	-15	2	-18
<b>Cash flow from investing activities</b>	<b>-19</b>	<b>-13</b>	<b>-42</b>	<b>-10</b>	<b>27</b>	<b>-15</b>	<b>2</b>	<b>-18</b>
<b>FINANCING</b>								
Financing activities	- 53	0	159	100	150	0	- 32	- 178
<b>Cash flow from financing activities</b>	<b>-53</b>	<b>0</b>	<b>159</b>	<b>100</b>	<b>150</b>	<b>0</b>	<b>-32</b>	<b>-178</b>
<b>Net change in cash</b>	<b>-14</b>	<b>-128</b>	<b>22</b>	<b>-126</b>	<b>83</b>	<b>15</b>	<b>-85</b>	<b>-324</b>
<b>Cash, beginning of period</b>	<b>1,125</b>	<b>1,116</b>	<b>965</b>	<b>996</b>	<b>878</b>	<b>980</b>	<b>1,039</b>	<b>921</b>
<b>Translation difference in Cash</b>	<b>5</b>	<b>-23</b>	<b>9</b>	<b>8</b>	<b>19</b>	<b>45</b>	<b>-33</b>	<b>7</b>
<b>Cash, end of period</b>	<b>1,116</b>	<b>965</b>	<b>996</b>	<b>878</b>	<b>980</b>	<b>1,039</b>	<b>921</b>	<b>605</b>



## Sony Ericsson NET SALES BY MARKET AREA BY QUARTER

EUR million

Isolated quarters	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Europe, Middle East & Africa *	977	927	875	966	711	876	837	795
Americas	200	195	232	222	201	223	222	205
Asia	559	562	512	562	493	659	544	528
<b>Total</b>	<b>1,736</b>	<b>1,684</b>	<b>1,619</b>	<b>1,750</b>	<b>1,405</b>	<b>1,757</b>	<b>1,603</b>	<b>1,528</b>
* of which Western Europe	721	678	636	678	525	668	632	569

Sequential change (%)	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Europe, Middle East & Africa *	-40%	-5%	-6%	10%	-26%	23%	-4%	-5%
Americas	-69%	-3%	19%	-4%	-9%	11%	0%	-8%
Asia	-12%	1%	-9%	10%	-12%	34%	-17%	-3%
<b>Total</b>	<b>-40%</b>	<b>-3%</b>	<b>-4%</b>	<b>8%</b>	<b>-20%</b>	<b>25%</b>	<b>-9%</b>	<b>-5%</b>
* of which Western Europe	-35%	-6%	-6%	7%	-23%	27%	-5%	-10%

Year over year change (%)	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Europe, Middle East & Africa *	-35%	-33%	-39%	-41%	-27%	-6%	-4%	-18%
Americas	-59%	-74%	-67%	-65%	1%	14%	-4%	-8%
Asia	-23%	-19%	-24%	-12%	-12%	17%	6%	-6%
<b>Total</b>	<b>-36%</b>	<b>-40%</b>	<b>-42%</b>	<b>-40%</b>	<b>-19%</b>	<b>4%</b>	<b>-1%</b>	<b>-13%</b>
* of which Western Europe	-26%	-25%	-33%	-39%	-27%	-1%	-1%	-16%

Year to date	2009				2010			
	0903	0906	0909	0912	1003	1006	1009	1012
Europe, Middle East & Africa *	977	1,903	2,778	3,744	711	1,587	2,424	3,219
Americas	200	395	627	850	201	424	646	851
Asia	559	1,121	1,633	2,194	493	1,152	1,695	2,224
<b>Total</b>	<b>1,736</b>	<b>3,419</b>	<b>5,038</b>	<b>6,788</b>	<b>1,405</b>	<b>3,162</b>	<b>4,765</b>	<b>6,294</b>
* of which Western Europe	721	1,400	2,036	2,714	525	1,193	1,825	2,393

YTD year over year change (%)	2009				2010			
	0903	0906	0909	0912	1003	1006	1009	1012
Europe, Middle East & Africa *	-35%	-34%	-35%	-37%	-27%	-17%	-13%	-14%
Americas	-59%	-68%	-68%	-67%	1%	7%	3%	0%
Asia	-23%	-21%	-22%	-20%	-12%	3%	4%	1%
<b>Total</b>	<b>-36%</b>	<b>-38%</b>	<b>-40%</b>	<b>-40%</b>	<b>-19%</b>	<b>-8%</b>	<b>-5%</b>	<b>-7%</b>
* of which Western Europe	-26%	-25%	-28%	-31%	-27%	-15%	-10%	-12%