



PRESS RELEASE

July 16, 2010

Sony Ericsson reports second quarter 2010 results

Q2 Highlights:

- **Income before taxes excl. restructuring charges increases to Euro 63 million**
- **Positive cash flow generated from operating activities**
- **ASP rises to Euro 160**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the second quarter ended June 30, 2010 is as follows:

	<u>Q2 2009</u>	<u>Q1 2010</u>	<u>Q2 2010</u>
Number of units shipped (million)	13.8	10.5	11.0
Sales (Euro m.)	1,684	1,405	1,757
Gross margin (%)	12%	31%	28%
Operating income (Euro m.)	-274	20	36
Operating margin (%)	-16%	1%	2%
Restructuring charges (Euro m.)	1	3	32
Operating income excl. restructuring charges (Euro m.)	-274	23	68
Operating margin excl. restructuring charges (%)	-16%	2%	4%
Income before taxes (IBT) (Euro m.)	-283	18	31
IBT excl. restructuring charges (Euro m.)	-283	21	63
Net income (Euro m.)	-213	21	12
Average selling price (Euro)	122	134	160

Bert Nordberg, President, Sony Ericsson commented, "Our second quarter results show that the company continued the momentum seen in the first quarter as a result of our focus on the value market and the success of new smartphones; Xperia™ X10 and Vivaz™, launched during the first quarter. These models, along with the Xperia™ X10 mini and Xperia™ X10 mini pro which started shipping at the end of the second quarter, have been well received by operators and we are now well positioned for long term growth."

Sales for the quarter were Euro 1,757 million, a 25% increase sequentially and a 4% increase year-on-year. Units shipped in the quarter were 11 million, a 5% increase sequentially and a 20% decrease year-on-year due to the reduction in size of the product portfolio. Average selling price (ASP) increased 19% sequentially and 31% year-on-year to Euro 160 during the quarter due to improved product and geographical mix, as well as positive currency effects.

Income before taxes for the quarter excluding restructuring charges was a profit of Euro 63 million, illustrating the positive impact of the cost reduction programme and favourable product mix.

The transformation programme, which started in mid-2008 is now in its final stages and on target to reduce annual operating expenses by Euro 880 million by the end of the year. Since the start of the program Sony Ericsson has reduced its global workforce by approximately 4,000 people to reach a total workforce of approximately 7,800 by June 30, 2010. The total restructuring charges taken to date for the programme are Euro 374 million.

As of June 30, 2010 Sony Ericsson retained a net cash position of Euro 609 million, an increase of Euro 46 million sequentially mainly due to operating results, tight financial management of working capital, as well as positive currency effects.

Market share in unit base for the quarter remained flat and is 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

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.

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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	Apr-Jun			Jan-Jun		
	2009	2010	Change	2009	2010	Change
Net sales	1,684	1,757	4%	3,419	3,162	-8%
Cost of sales	-1,483	-1,266	-15%	-3,074	-2,241	-27%
Gross profit	200	492	146%	346	921	167%
Gross margin %	11.9%	28.0%		10.1%	29.1%	
Research and development expenses	-245	-218	-11%	-548	-434	-21%
Selling and administrative expenses	-235	-245	4%	-460	-452	-2%
Operating expenses	-480	-463	-4%	-1,008	-886	-12%
Other operating income, net	6	7	25%	19	21	14%
Operating income	-274	36	-	-644	57	-
Operating margin %	-16.3%	2.1%		-18.8%	1.8%	
Financial income	6	2	-60%	15	9	-40%
Financial expenses	-15	-7	-51%	-25	-16	-35%
Income after financial items	-283	31	-	-653	50	-
Taxes	74	-16	-	158	-10	-
Minority interest	-4	-4	-2%	-10	-7	-32%
Net income	-213	12	-	-505	33	-
Number of units shipped (million)	13.8	11.0	-20%	28.3	21.5	-24%
ASP (EUR)	122	160	31%	121	147	22%

EUR Million	Apr-Jun		Jan-Jun	
	2009	2010	2009	2010
Restructuring charges				
Cost of sales	-9	33	-2	31
Research and development expenses	9	1	11	3
Sales and administrative expenses	1	-2	4	1
Total	1	32	13	35

Sony Ericsson
CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

EUR million	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	1,736	1,684	1,619	1,750	1,405	1,757
Cost of sales	-1,591	-1,483	-1,367	-1,341	-975	-1,266
Gross profit	145	200	252	409	429	492
Gross margin %	8.4%	11.9%	15.5%	23.4%	30.6%	28.0%
Research and development expenses	-303	-245	-260	-299	-216	-218
Selling and administrative expenses	-225	-235	-205	-299	-207	-245
Operating expenses	-528	-480	-465	-599	-423	-463
Other operating income, net	13	6	21	8	14	7
Operating income	-369	-274	-193	-181	20	36
Operating margin %	-21.3%	-16.3%	-11.9%	-10.4%	1.4%	2.1%
Financial income	9	6	3	4	7	2
Financial expenses	-10	-15	-9	-12	-9	-7
Income after financial items	-370	-283	-199	-190	18	31
Taxes	84	74	42	36	6	-16
Minority interest	-6	-4	-6	-12	-3	-4
Net income	-293	-213	-164	-167	21	12
Number of units shipped (million)	14.5	13.8	14.1	14.6	10.5	11.0
ASP (EUR)	120	122	114	120	134	160

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EUR Million	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Restructuring charges						
Cost of sales	7	-9	0	41	-2	33
Research and development expenses	2	9	1	72	2	1
Sales and administrative expenses	3	1	1	37	3	-2
Total	12	1	2	150	3	32

Sony Ericsson
CONSOLIDATED BALANCE SHEET

EUR million	Jun 30 2009	Dec 31 2009	Mar 31 2010	Jun 30 2010
ASSETS				
Total fixed and financial assets	736	779	791	836
Current assets				
Inventories	404	358	384	467
Accounts receivable	936	832	849	1,063
Other assets	379	415	369	412
Other short-term cash investments	456	489	537	477
Cash and bank	509	389	443	562
Total current assets	2,685	2,483	2,582	2,981
Total assets	3,421	3,262	3,373	3,817
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	694	381	438	510
Minority interest	66	47	54	66
Total equity	760	428	492	575
Borrowing, Non Current	0	0	100	101
Other long-term liabilities	30	32	37	40
Total long-term liabilities	30	32	137	141
Accounts payable	848	852	829	973
Borrowing, Current	0	258	316	329
Other current liabilities	1,782	1,692	1,599	1,798
Total current liabilities	2,630	2,802	2,744	3,101
Total shareholders' equity and liabilities	3,421	3,262	3,373	3,817
Net cash*	965	620	563	609

* 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	Apr-Jun		Jan-Jun	
	2009	2010	2009	2010
OPERATIONS				
Net income	-213	12	-505	33
Adjustments to reconcile net income to cash	37	4	66	-40
	-176	16	-439	-6
Changes in operating net assets	60	13	382	-58
Cash flow from operating activities	-115	29	-57	-65
INVESTMENTS				
Investing activities	-13	-15	-32	12
Cash flow from investing activities	-13	-15	-32	12
FINANCING				
Financing activities	0	0	- 53	150
Cash flow from financing activities	0	0	-53	150
Net change in cash	-128	15	-142	97
Cash, beginning of period	1,116	980	1,125	878
Translation difference in Cash	-23	45	-18	64
Cash, end of period	965	1,039	965	1,039

Sony Ericsson
CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

EUR million	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
OPERATIONS						
Net income	-293	-213	-164	-167	21	12
Adjustments to reconcile net income to cash	29	37	20	48	-44	4
	-263	-176	-143	-119	-23	16
Changes in operating net assets	321	60	49	-97	-72	13
Cash flow from operating activities	58	-115	-94	-216	-94	29
INVESTMENTS						
Investing activities	-19	-13	-42	-10	27	-15
Cash flow from investing activities	-19	-13	-42	-10	27	-15
FINANCING						
Financing activities	- 53	0	159	100	150	0
Cash flow from financing activities	-53	0	159	100	150	0
Net change in cash	-14	-128	22	-126	83	15
Cash, beginning of period	1,125	1,116	965	996	878	980
Translation difference in Cash	5	-23	9	8	19	45
Cash, end of period	1,116	965	996	878	980	1,039

Sony Ericsson NET SALES BY MARKET AREA BY QUARTER

EUR million

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

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

Year over year change (%)	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Europe, Middle East & Africa *	-35%	-33%	-39%	-41%	-27%	-5%
Americas	-59%	-74%	-67%	-65%	1%	14%
Asia	-23%	-19%	-25%	-12%	-12%	17%
Total	-36%	-40%	-42%	-40%	-19%	4%
* of which Western Europe	-26%	-25%	-33%	-39%	-27%	-2%

Year to date	2009				2010	
	0903	0906	0909	0912	1003	1006
Europe, Middle East & Africa *	977	1,903	2,778	3,744	711	1,587
Americas	200	395	627	850	201	424
Asia	559	1,121	1,633	2,194	493	1,152
Total	1,736	3,419	5,038	6,788	1,405	3,162
* of which Western Europe	721	1,400	2,036	2,714	525	1,193

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

