

ERICSSON LM TELEPHONE CO

Form 6-K

October 11, 2007

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

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### REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

October 11, 2007

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## LM ERICSSON TELEPHONE COMPANY

(Translation of registrant's name into English)

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Torshamnsgatan 23, Kista

SE-164 83, Stockholm, Sweden

(Address of principal executive offices)

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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 October 11, 2007, regarding Sony Ericsson's third quarter report 2007.

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**PRESS RELEASE**

Continuing strong momentum at Sony Ericsson

October 11, 2007

**Q3 Highlights:****Year-on-year volume growth of 31%****Continued volume growth driven by profitable lower priced phones****Good market reaction to new slider form-factor of W580 Walkman® phone****Successful launch of Sony Ericsson P1 smartphone**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the third quarter ended September 30, 2007 is as follows:

	Q3 2006	Q2 2007	Q3 2007
<b>Number of units shipped (million)</b>	19.8	24.9	25.9
<b>Sales (Euro m.)</b>	2,913	3,112	3,108
<b>Gross Margin (%)</b>	31.5%	29.6%	30.7%
<b>Operating Income (Euro m.)</b>	427	315	393
<b>Operating Income (%)</b>	14.6%	10.1%	12.7%
<b>Income before taxes (Euro m.)</b>	433	327	384
<b>Net income (Euro m.)</b>	298	220	267
<b>Average Sales Price (Euro)</b>	147	125	120

Units shipped in the quarter reached approximately 26 million, a 31% increase compared to the same period last year. Sales for the quarter were Euro 3,108 million, representing a year-on-year increase of 7%. Income before taxes for the quarter was Euro 384 million, representing a year-on-year decrease of 11%, which reflects the exceptional third quarter the company experienced in 2006. Net income for the quarter was Euro 267 million. In line with Sony Ericsson expectations, the increase in low- and mid-tier priced phones in the product portfolio in the third quarter resulted in a decline in Average Selling Price (ASP) to Euro 120.

The quarter has seen Sony Ericsson continue to generate significant year-on-year volume growth with a portfolio of products spread across the widest variety of price points in the company's history. Low- and mid-tier priced models such as the W200 Walkman® phone and simple talk and text range of phones have been key volume drivers during the quarter, while the high-spec P1 smartphone and W580 slider Walkman® phone have been well received and strengthen the portfolio at the higher-end, said Miles Flint, President of Sony Ericsson. We are confident that the remainder of the year will see us further capitalize on this new broader portfolio with flag-ship Walkman® phone models such as the W910 and W960 plus the much anticipated 5 mega-pixel Cyber-shot K850 camera phone launching in time for the holiday season.

During the quarter Sony Ericsson strengthened its position in North America and Latin America as well as Western Europe due to well accepted Walkman® and Cyber-shot® phones. Previously announced activities to further strengthen the overall portfolio such as manufacturing and R&D activities in India, plus an R&D licensing agreement with Sagem continue to progress as planned.

Sony Ericsson forecasts that the 2007 global handset market will be above 1.1 billion units. The company gained around 1% of market share compared with the same period last year and finished the third quarter at over 9%.

As communicated at the beginning of the year, a capital redemption of total Euro 300 million was paid to the parent companies in the quarter.

During the quarter Sony Ericsson announced that the company's president Miles Flint will step down as of November<sup>1</sup> 2007. Effective 1<sup>st</sup> November Hideki Dick Komiyama, currently Director, Chairman, Sony Electronics Inc., USA, and EVP Electronics Marketing and Sales Strategies, Sony Corporation, Japan, will succeed Miles Flint, who will remain as Executive Advisor to Dick Komiyama until the end of December 2007. Dick Komiyama will be based at Sony Ericsson's offices in London.

Invoices from Ericsson amounted to Euro 152 million in the quarter, which was offset from the advance payment made by Sony Ericsson to Ericsson in the first quarter of 2007.

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

**EDITOR'S NOTES:**

**Financial Statements and Additional Information:**

**Financial Statements:**

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Consolidated Income Statement Year-to-Date

Consolidated Income Statement Isolated Quarters

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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)*

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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 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	2007	Jul-Sep 2006	Change
Net sales	3,108	2,913	7%
Cost of sales	-2,154	-1,995	8%
<b>Gross profit</b>	<b>954</b>	<b>917</b>	<b>4%</b>
Gross margin %	30.7%	31.5%	-1%
Research and development expenses	-280	-225	25%
Selling and administrative expenses	-280	-287	-3%
<b>Operating expenses</b>	<b>-560</b>	<b>-511</b>	<b>9%</b>
Other operating income, net	-1	21	-105%
<b>Operating income</b>	<b>393</b>	<b>427</b>	<b>-8%</b>
Operating margin %	12.7%	14.6%	-2%
Financial income	7	8	-16%
Financial expenses	-16	-1	-
<b>Income after financial items</b>	<b>384</b>	<b>433</b>	<b>-11%</b>
Taxes	-109	-127	-14%
Minority interest	-8	-8	-2%
<b>Net income</b>	<b>267</b>	<b>298</b>	<b>-10%</b>
Number of units shipped (million)	25.9	19.8	31%
ASP (EUR)	120	147	-19%

## Sony Ericsson

## CONSOLIDATED INCOME STATEMENT

EUR million	2007	Jan-Sep 2006	Change
Net sales	9,145	7,177	27%
Cost of sales	-6,384	-5,089	25%
<b>Gross profit</b>	<b>2,760</b>	<b>2,088</b>	<b>32%</b>
Gross margin %	30.2%	29.1%	1%
Research and development expenses	-824	-650	27%
Selling and administrative expenses	-885	-719	23%
<b>Operating expenses</b>	<b>-1,709</b>	<b>-1,369</b>	<b>25%</b>
Other operating income, net	2	55	-95%
<b>Operating income</b>	<b>1,055</b>	<b>773</b>	<b>36%</b>
Operating margin %	11.5%	10.8%	1%
Financial income	43	25	73%
Financial expenses	-25	-2	-
<b>Income after financial items</b>	<b>1,073</b>	<b>796</b>	<b>35%</b>
Taxes	-306	-224	36%
Minority interest	-27	-22	24%
<b>Net income</b>	<b>741</b>	<b>550</b>	<b>35%</b>
Number of units shipped (million)	72.6	48.8	49%
ASP (EUR)	126	147	-14%

## Sony Ericsson

## CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

EUR million	2007				2006		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	3,108	3,112	2,925	3,782	2,913	2,272	1,992
Cost of sales	-2,154	-2,192	-2,039	-2,686	-1,995	-1,625	-1,469
<b>Gross profit</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 %	30.7%	29.6%	30.3%	29.0%	31.5%	28.5%	26.3%
Research and development expenses	-280	-283	-261	-256	-225	-223	-202
Selling and administrative expenses	-280	-321	-284	-367	-287	-246	-186
<b>Operating expenses</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	-1	-2	5	10	21	26	7
<b>Operating income</b>	<b>393</b>	<b>315</b>	<b>346</b>	<b>484</b>	<b>427</b>	<b>203</b>	<b>143</b>
Operating margin %	12.7%	10.1%	11.8%	12.8%	14.6%	8.9%	7.2%
Financial income	7	18	18	19	8	8	9
Financial expenses	-16	-6	-2	0	-1	0	0
<b>Income after financial items</b>	<b>384</b>	<b>327</b>	<b>362</b>	<b>502</b>	<b>433</b>	<b>211</b>	<b>151</b>
Taxes	-109	-97	-100	-43	-127	-64	-34
Minority interest	-8	-10	-9	-12	-8	-5	-9
<b>Net income</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)	25.9	24.9	21.8	26.0	19.8	15.7	13.3
ASP (EUR)	120	125	134	146	147	145	149

## Sony Ericsson

## CONSOLIDATED BALANCE SHEET

EUR million	Sep 30 2007	Jun 30 2007	Dec 31 2006	Sept 30 2006
<b>ASSETS</b>				
<b>Total fixed and financial assets</b>	<b>511</b>	<b>498</b>	<b>469</b>	<b>316</b>
<b>Current assets</b>				
Inventories	620	477	437	578
Accounts receivables	1,803	1,831	1,653	1,347
Other assets	544	845	310	249
Other short-term cash investments	954	1,071	1,580	1,098
Cash and bank	804	659	693	763
<b>Total current assets</b>	<b>4,725</b>	<b>4,882</b>	<b>4,673</b>	<b>4,035</b>
<b>Total assets</b>	<b>5,236</b>	<b>5,380</b>	<b>5,141</b>	<b>4,351</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>				
Shareholders equity	1,663	1,702	1,781	1,353
Minority interest	70	63	45	37
<b>Total equity</b>	<b>1,733</b>	<b>1,764</b>	<b>1,826</b>	<b>1,391</b>
<b>Total long-term liabilities</b>	<b>22</b>	<b>21</b>	<b>20</b>	<b>17</b>
Accounts payable	1,602	1,371	1,276	1,118
Other current liabilities	1,879	2,224	2,019	1,825
<b>Total current liabilities</b>	<b>3,481</b>	<b>3,595</b>	<b>3,296</b>	<b>2,944</b>
<b>Total shareholders equity and liabilities</b>	<b>5,236</b>	<b>5,380</b>	<b>5,141</b>	<b>4,351</b>
Net cash*	1,758	1,729	2,272	1,795

\* 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	Jul-Sep	
	2007	2006
<b>OPERATIONS</b>		
Net income	267	298
Adjustments to reconcile net income to cash	32	20
	<b>299</b>	<b>318</b>
Changes in operating net assets	88	-21
<b>Cash flow from operating activities</b>	<b>387</b>	<b>297</b>
<b>INVESTMENTS</b>		
Investing activities	-53	-36
<b>Cash flow from investing activities</b>	<b>-53</b>	<b>-36</b>
<b>FINANCING</b>		
Financing activities	- 300	- 2
<b>Cash flow from financing activities</b>	<b>-300</b>	<b>-2</b>
<b>Net change in cash</b>	<b>34</b>	<b>259</b>
<b>Cash, beginning of period</b>	<b>1,730</b>	<b>1,595</b>
<b>Translation difference in Cash</b>	<b>-6</b>	<b>7</b>
<b>Cash, end of period</b>	<b>1,758</b>	<b>1,861</b>

Sony Ericsson

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Jan-Sep	
	2007	2006
<b>OPERATIONS</b>		
Net income	741	550
Adjustments to reconcile net income to cash	90	62
	<b>831</b>	<b>612</b>
Changes in operating net assets	-349	50
<b>Cash flow from operating activities</b>	<b>482</b>	<b>662</b>
<b>INVESTMENTS</b>		
Investing activities	-138	-108
<b>Cash flow from investing activities</b>	<b>-138</b>	<b>-108</b>
<b>FINANCING</b>		
Financing activities	- 849	-212
<b>Cash flow from financing activities</b>	<b>-849</b>	<b>-212</b>
<b>Net change in cash</b>	<b>-504</b>	<b>342</b>
<b>Cash, beginning of period</b>	<b>2,273</b>	<b>1,537</b>
<b>Translation difference in Cash</b>	<b>-11</b>	<b>-18</b>
<b>Cash, end of period</b>	<b>1,758</b>	<b>1,861</b>

Sony Ericsson

## CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

EUR million	Jul-Sep 2007	Apr-Jun 2007	Jan-Mar 2007	Oct - Dec 2006	Jul-Sep 2006	Apr-Jun 2006	Jan-Mar 2006
<b>OPERATIONS</b>							
Net income	267	220	254	447	298	143	109
Adjustments to reconcile net income to cash	32	30	28	23	20	22	20
	<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	88	16	-454	50	-21	18	53
<b>Cash flow from operating activities</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	-53	-31	-53	-26	-36	-29	-43
<b>Cash flow from investing activities</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	- 300	- 548	- 1	- 66	- 2	26	- 236
<b>Cash flow from financing activities</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>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>1,730</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>-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>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	2007				2006		
Isolated quarters	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	1,715	1,729	1,598	2,145	1,600	1,090	1,029
Americas	573	499	365	555	417	328	250
Asia	820	885	961	1,082	896	853	713
<b>Total</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	1,103	1,102	1,078	1,478	1,115	748	674
Sequential change (%)	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	-1%	8%	-26%	34%	47%	6%	-27%
Americas	15%	37%	-34%	33%	27%	31%	-19%
Asia	-7%	-8%	-11%	21%	5%	20%	20%
<b>Total</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	0%	2%	-27%	33%	49%	11%	-35%
Year over year change (%)	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe, Middle East & Africa *	7%	59%	55%	52%	35%	43%	71%
Americas	37%	52%	46%	79%	77%	53%	53%
Asia	-8%	4%	35%	83%	42%	33%	36%
<b>Total</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	-1%	47%	60%	45%	33%	42%	84%
Year to date	0709	0706	0703	0612	0609	0606	0603
Europe, Middle East & Africa *	5,042	3,328	1,598	5,865	3,720	2,120	1,029
Americas	1,436	864	365	1,550	995	578	250
Asia	2,666	1,846	961	3,544	2,462	1,566	713
<b>Total</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	3,283	2,179	1,078	4,014	2,537	1,422	674
YTD year over year change (%)	0709	0706	0703	0612	0609	0606	0603
Europe, Middle East & Africa *	36%	57%	55%	48%	46%	56%	71%
Americas	44%	49%	46%	68%	62%	53%	53%
Asia	8%	18%	35%	48%	37%	35%	36%
<b>Total</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	29%	53%	60%	46%	46%	59%	84%
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**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/ CARL OLOF BLOMQUIST  
**Carl Olof Blomqvist**  
**Senior Vice President and**  
**General counsel**

By: /s/ HENRY STÉNSON  
**Henry Sténson**  
**Senior Vice President**  
**Corporate Communications**

Date: October 11, 2007