

Mobile phone maker Sony Ericsson reports loss in 4th quarter as sales drop

The Associated Press

Mobile phone maker Sony Ericsson on Friday said its loss for the fourth quarter narrowed 9 per cent to C167 million (US\$235 million), as improved margins and lower costs offset a slump in sales.

The figure compared with a C187 million loss last year, but sales fell 40 per cent as the joint venture between LM Ericsson and Sony Corp. was caught unprepared by consumers' rapid shift to touch screen phones.

Units shipped in the October-December period amounted to 14.6 million units, up 3 per cent from the third quarter but still down 40 per cent from the same period a year ago.

For the full year 2009, the net loss amounted to C836 million, compared with a previous profit of C73 million.

In 2008, Sony Ericsson launched a cost-cutting program under which it had by the end of 2009 slashed its workforce by around 2,500 people worldwide to 9,100.

Sony Ericsson, whose aim is to cut operating costs by C880 million, reiterated that the full effect of the measures are expected in the second half of this year and that restructuring costs are thought to land "well within" its previously announced C500 million estimate.

In its 2009 estimate for the global handset market, it said it expects unit volumes to have fallen by 8 per cent compared with 2008 to around 1.1 billion units. For the fourth quarter, unit volumes are estimated to be flat from the same quarter a year ago.

The company also said it expects its market share in units — for both the full year 2009 and the fourth quarter — to be around 5 per cent.

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