

Sony to buy out Ericsson of phone venture

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TOKYO, October 7, 2011 (AFP) - In a push to enhance its smartphone business, Japan's Sony is nearing a deal to buy out Swedish telecom firm Ericsson's stake in their mobile phone joint venture, according to the Wall Street Journal.

By wresting full control of the 50-50 partnership, Sony aims to integrate its smartphone operation with its tablet, hand-held game console and personal computer businesses to save on costs and better synchronise development of mobile devices, the paper quoted people familiar with the matter as saying.

Sony shares tumbled 3.12 percent to 1,424 yen Friday morning, despite the benchmark index rising one percent in morning trade.

"Sony had not been able to carve out its presence globally (in smartphones) with Ericsson," said Okasan Securities strategist Hideyuki Ishiguro.

"Even if it gets full control of the venture, the competitive landscape of the smartphone industry already seems mapped out," he told Dow Jones Newswires.

Sony is pushing for a deal as competitors such as Apple of the United States and Samsung Electronics of South Korea forge ahead with closely coupled strategies for smartphones and tablet computers, the journal said.

Analysts say the move would help accelerate Sony's efforts to push its vast library of content through its game consoles, smartphones and tablet computers amid competition from Apple's iTunes and App store.

Sony Ericsson was created in 2001 and is now the world's sixth-largest cellphone manufacturer with a global workforce of 7,600.

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Sony in Tokyo declined to comment on the report.

The joint venture's two parent companies have held regular discussions over the years about Sony Ericsson's ownership structure, the journal quoted its sources as saying.

One of them said the talks were ongoing and could break apart at any time, it said.

The amount Sony would pay Ericsson remained unclear because of the complexity of a possible transaction that could involve Ericsson's mobile-technology patent portfolio, it said.

But analysts estimated that Ericsson's stake in the venture could be valued at between 1.0-1.25 billion euros or roughly \$1.3-1.7 billion, it said.