

Ericsson sells stake in Sony Ericsson to Sony

Written by AFP / The Swedish Wire

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Swedish telecom equipment maker Ericsson said Thursday it would sell its 50-percent stake in mobile phone joint venture Sony Ericsson to Sony for 1.05 billion euros (\$1.47 billion).

"Sony will acquire Ericsson's 50 percent stake in Sony Ericsson... making the mobile handset business a wholly-owned subsidiary of Sony," Ericsson said in a statement.

The Japanese-Swedish group was created in 2001, combining the then unprofitable handset operations of Ericsson and Sony to today become the sixth-biggest player in the global market.

In its statement, Ericsson pointed out that the mobile phone market has changed dramatically over the past decade, with focus shifting heavily to smartphones.

"Ten years ago when we formed the joint venture, thereby combining Sony's consumer products knowledge with Ericsson's telecommunication technology expertise, it was a perfect match to drive the development of feature phones," Ericsson chief executive Hans Vestberg said in the statement.

"Today we take an equally logical step as Sony acquires our stake in Sony Ericsson and

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makes it a part of its broad range of consumer devices," he said, pointing out that the Swedish company aimed to concentrate on the wireless market as a whole, "using our R&D (research and development) and industry leading patent portfolio to realise a truly connected world."

Sony meanwhile will with the deal secure "a broad intellectual property (IP) cross-licensing agreement covering all products and services of Sony as well as ownership of five essential patent families relating to wireless handset technology."

The two companies said they would continue working together, announcing they had set up a "wireless connectivity initiative ... to drive and develop the market's adoption of connectivity across multiple platforms."

Ericsson said the transaction, which will bring it 1.05 billion in cash, had been approved by both companies but was still pending regulatory approvals. It is expected to close in January, 2012.

"The transaction will result in a positive capital gain for Ericsson which will be defined after closing of the transaction," the company said.