

Sony to acquire Ericsson's share of Sony Ericsson

LONDON, UK / Tokyo, Japan: Sony Ericsson is to become a wholly-owned subsidiary of Sony and will be integrated into Sony's broad platform of network-connected consumer electronics products. The transaction also provides Sony with a broad IP cross-licensing agreement and ownership of five essential patent families.



In terms of the transaction, Ericsson is to receive a €1.05 billion* cash payment and both companies will collaborate to create wireless connectivity initiative to drive connectivity across multiple platforms.

The acquisition by Sony of Ericsson's 50% stake in Sony Ericsson Mobile Communications AB ("Sony Ericsson") will make the mobile handset business a wholly-owned subsidiary of Sony.

The transaction gives Sony, says the company, an opportunity to integrate smartphones rapidly into its broad array of network-connected consumer electronics devices - including tablets, TVs and personal computers - for the benefit of consumers and the growth of its business. The transaction also provides the company with 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.

Mobile market sees shift in focus

During the past 10 years the mobile market has shifted focus from simple mobile phones to rich smartphones that include access to internet services and content. The company says the transaction is a logical strategic step that takes into account the nature of this evolution and its impact on the marketplace.

This means that the synergies for Ericsson in having both a world leading technology and telecoms services portfolio and a handset operation are decreasing. Today Ericsson's focus is on the global wireless market as a whole; how wireless connectivity can benefit people, business, and society beyond just phones. Consistent with that mission, by setting up a wireless connectivity initiative, Ericsson and Sony will work to drive and develop the market's adoption of connectivity across multiple platforms.

"This acquisition makes sense for Sony and Ericsson, and it will make the difference for consumers, who want to connect with content wherever they are, whenever they want. With a vibrant smartphone business and by gaining access to important strategic IP, notably a broad cross-license agreement, our four-screen strategy is in place. We can more rapidly and more widely offer consumers smartphones, laptops, tablets and TVs that seamlessly connect with one another and open up new worlds of online entertainment. This includes Sony's own acclaimed network services, like the PlayStation Network and Sony Entertainment Network," said Sir Howard Stringer, Sony's chairman, chief executive officer and president. Stringer also noted that the acquisition will afford Sony operational efficiencies in engineering, network development and marketing, among other areas. "We can help people enjoy all our content - from movies to music and games - through our many devices, in a way no one else can."



'A logical step'

"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. Today we take an equally logical step as Sony acquires our stake in Sony Ericsson and makes it a part of its broad range of consumer devices. We will now enhance our focus on enabling connectivity for all devices, using our R&D and industry-leading patent portfolio to realise a truly connected world" said Hans Vestberg, president and CEO of Ericsson.

The transaction, which has been approved by appropriate decision-making bodies of both companies, is expected to close in January 2012, subject to customary closing conditions, including regulatory approvals.

Ericsson has accounted for its 50% share in Sony Ericsson according to the equity method. Following completion of the transaction, Ericsson will have no outstanding guarantees relating to Sony Ericsson and will no longer account for Sony Ericsson as an investment on balance sheet. The transaction will result in a positive capital gain for Ericsson which will be defined after closing of the transaction.

SEB Enskilda is acting as Ericsson's sole financial advisor in the transaction.

**Exchange rate at time of posting: €1=R10.97*

For more, visit: <https://www.bizcommunity.com>