

Sony Ericsson profits down in 3rd quarter

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Mobile phone maker Sony Ericsson posted a break-even third quarter Friday - blaming the drop in earnings on higher taxes and lower margins - and announced that it is shifting its entire portfolio to smartphones next year.

The joint venture between Sweden's [LM Ericsson](#) and Japan's Sony Corp. said net profit fell to 0 from euro49 million (\$67.26 million) in the same quarter last year, while sales dipped slightly to euro1.59 billion (\$2.18 billion), from euro1.6 billion (\$2.2 billion) a year earlier.

The company said its pretax profit was cut in half due to a lower gross margin, partially offset by lower operating expenses. Taxes grew to euro17 million from euro12 million.

Sony Ericsson said its Android-based Xperia smartphones now account for more than 80 percent of its sales. That was reflected in a 9 percent decrease in units shipped but an 8 percent hike in the average selling price of a Sony Ericsson phone.

"We will continue to invest in the smartphone market, shifting the entire portfolio to smartphones during 2012," CEO Bert Nordberg said.

Smartphones account for an increasing share of the total [mobile phone market](#), as users move away from more basic handsets.

Even before the introduction of smartphones, Sony Ericsson focused on more advanced mobile phones than many of its bigger competitors, such

as [Nokia Corp.](#)

[Sony Ericsson](#) adopted Google's Android operating system for its smartphones in 2008, and said it now controls about 11 percent of the Android-based smartphone market.

It maintained its forecast of modest industry growth in the global mobile phone market in 2011.

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