

DORO

Q1 Report (1 January-31 March 2001)

- **Net sales totalled SEK 278 million (SEK 347 m)**
- **Loss before tax of SEK 26 million (SEK +12 m)**
- **EPS after standard tax SEK –2.68 (SEK 0.82)**
- **End of components shortage near**
- **Gunnar Åkerblom is the new CEO**
- **AGM authorizes Board to carry out new share issue of SEK 75 – 100 million.**

Sales and results

DORO, the telecommunications company listed on the O-list of the OM Stockholm Exchange, recorded sales of SEK 278 million (347 m) in Q1, a decline of 20% compared with the same period last year.

The Group made a loss before tax of SEK 26 million (12 m). Demand has been flat on most of the markets. The dollar has risen over the quarter and had a negative impact on margins.

End of components shortage near

At the end of 2000 various signals appeared suggesting that the end of the components shortage was in sight. A good supply of products exists for delivery in the second half of 2001. Chip manufacturing capacity is expanding.

The French business has seen normal product supply since the start of the year. Several other countries have been hit by disruptions to product supplies during Q1. One major supplier has gone bankrupt. The product supply will gradually improve over the coming quarters.

Stronger dollar

The dollar continued to strengthen from the start of 2001. A majority of DORO's products are bought in US dollars and sold in other currencies. The purchase price usually drops for each different product. The price reduction level has usually absorbed the higher USD exchange rate. The rising US dollar rate has only been marginally compensated for in higher sales prices.

In accordance with its currency policy, DORO hedges a limited amount of US dollars (for price commitments longer than six months).

DORO's board has decided to change the currency policy. To reduce the risk level, 50% of the US dollar flows will also be hedged for the coming six months' sales.

Gunnar Åkerblom new CEO

Gunnar Åkerblom has been appointed CEO and will take up his position on 7 May. He is 50, has an M.E. and was previously CEO at Heidelberg Nordic, a German group in the graphic media industry. His previous jobs include positions at Atlas Copco, both in Sweden and abroad as well as CEO of the Byggman Group in the construction machinery sector. He was voted onto DORO's board on 14th March.

New issue

The work to restore DORO's financial position following strong expansion in recent years is progressing via capital rationalisation and profit improving measures. The AGM authorized the board to carry out a new share issue, of SEK 75 – 100 million, to enable the company's future growth.

Restructuring scheme and concentration

During the year an efficiency scheme continued at all the companies in the Group. This included completing a rationalisation scheme whereby the number of products in the Group will be reduced by 30% during 2001. Further cost-cutting measures will be implemented in all areas of the Group and the headcount continued to fall.

The market

The market was flat during Q1 with lower demand on most markets. Several new wireless DECT telephones were introduced at the Cebit fair in Hanover, Germany. A lot of interest was shown in the Mini DECT 8075 and 8085. A new DECT, the 6075, aimed at the business sector, was also introduced.

DORO also introduced a new corded telephone series, the Afti and AL. The new Congress range was launched for the business sector as well.

UpGrade introduced a number of new products including a new range of antennas.

In January an agreement was signed with Swyx of Germany, concerning distribution of their IP exchanges. The launch of the new Dect-office began during Q1. It is a cordless system connected to a smaller exchange.

Sales per region and product line

Strong improvements in sales were noted in France, Finland and at UpGrade. Sales of telephony products have been lower due to the product supply problems and weak demand. Last year part of the Norwegian business was sold.

DORO is mainly active in the following product sectors: cordless telephones, terminal products, switchboards, and wireless broadband products. The largest proportion of sales is in cordless telephones (50% of sales), followed by terminal products (30%) . The proportion for company switchboards and wireless broadband products is 10% each.

Wireless broadband products increased most in relative terms and in terms of value.

Financial performance and investments

The Group's balance sheet total has fallen by SEK 80 million to SEK 644 million since the start of the financial year. Investments amounted to SEK 2 (1 m). Goodwill stood at SEK 67 million (94 m).

The Group's net debt (interest-bearing liabilities less cash) has risen by SEK 43 million to SEK 243 million since the start of the year. The debt/equity ratio has gone up from 1.51 to 1.98. Stock has increased due to lower sales than planned, long lead times and rising exchange rates.

Options

The major shareholder, RunDor, sold its call options in January to 35 senior executives, totalling 280,000 shares.

Parent company

The parent company's net sales totalled SEK 5 million (7 m). The loss before tax was SEK 19 million (SEK +14 m).

Future reports

The Board has decided on the following dates for the coming year's quarterly reports: 16 July, 17 October 2001, and 23 January 2002. The AGM will be held on 5 March 2002.

Quarterly reports can be found on DORO's website at: www.DORO.com. This interim report has been composed using the same accounting principles as the most recent Annual Report and has not been subject to checking by DORO's auditors.

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Lund 17 April 2001
The Board of Directors, DORO AB

REPORT FOR QUARTER 1 2001

INCOME STATEMENT (SEK m)

	2001 Jan-Mar	2000 Jan-Mar	Last 12 months	2000	1999
Net Sales	279	347	1386	1454	1183
Operating costs	-293	-326	-1427	-1460	-1095
OPERATING PROFIT BEFORE DEPRECIATION	-15	21	-41	-6	88
Depreciation acc. to plan	-6	-6	-25	-25	-15
OPERATING PROFIT AFTER DEPRECIATION	-20	15	-65	-31	73
Net financial items	-6	-3	-17	-13	-8
PRE TAX PROFIT	-26	12	-82	-44	65
Taxes	8	-3	7	-5	-19
NET PROFIT	-18	8	-75	-49	46

KEY FIGURES

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Debt / equity ratio	1,98	0,58	1,51	0,73
Equity / asset ratio	20%	30%	20%	39%
Number of shares (average thousand)	9703	9703	9703	9703
EPS before tax	-2,68	1,18	-4,58	6,67
EPS after tax	-1,85	0,82	-5,01	4,67
Reported equity per share	12,99	20,67	14,97	21,85
Return on average shareholders equity	-53,7%	15,6%	-27,2%	23,0%
Return on average capital employed	-20,5%	17,8%	-2,6%	25,8%
Market price at period's end	25	115	26,5	108
Market value (SEK m)	243	1116	257	1048
EPS after taxes last 12 months	-7,73 Kr.			

SUMMARY OF BALANCE SHEET (SEK m)

	31 Mar 2001	31 Mar 2000	31 Dec 2000	31 Dec 1999
Fixed assets	86	117	93	82
Inventories	328	254	321	210
Current receivables	223	284	290	240
Cash at hand	7	17	20	15
TOTAL ASSETS	644	673	724	546
Shareholders' equity	126	201	145	212
Interest bearing liabilities	250	117	219	155
Non-interest bearing liabilities	268	356	359	180
TOTAL EQUITY AND LIABILITIES	644	673	724	546

SHAREHOLDERS EQUITY (SEK m)

	31 Mar 2001	31 Mar 2000	31 Dec 2000	31 Dec 1999
Opening balance	145	212	212	184
Result of the period	-18	8	-49	36
Dividend	0	-19	-19	-17
Currency effect and other	-1	0	1	9
Closing balance	126	201	145	212

SUMMARY OF CASH FLOW (SEK m)

	2001 Jan-Mar	2000 Jan-Mar	2000	1999
Operating profit before depreciation	-20	15	-31	73
Depreciation	6	6	25	15
Net financial items	-6	-3	-13	-8
Taxes	8	-3	-4	-19
Change in working capital	-27	102	7	-26
CASHFLOW FROM CURRENT OPERATIONS	-39	117	-16	34
Acquisitions	0	-40	-26	-50
Investments	-2	-1	-11	-10
CASHFLOW FROM INVESTMENTS	-2	-41	-37	-60
Loans raised	31	-38	64	30
New issue	0	0	0	0
Dividend paid out	0	-19	-19	-17
Translation difference and other	0	-16	13	10
CASH FLOW FROM FINANCING ACTIVITIES	31	-73	58	23
Change in liquid funds	-10	2	5	-3
NET DEBT	243	100	200	140

QUARTERLY EARNINGS TREND, (SEK m)

	2001	2000			
	Q1	Q1	QII	QIII	QIV
Net sales	279	347	306	324	477
Operating costs	-293	-326	-305	-329	-499
OPERATING PROFIT BEFORE DEPRECIATION	-15	21	1	-5	-22
Depreciation acc. to plan	-6	-6	-6	-6	-8
OPERATING PROFIT AFTER DEPRECIATION	-20	15	-5	-11	-30
Net financial items	-6	-3	-2	-4	-5
PRE TAX PROFIT	-26	12	-7	-15	-35
Taxes	8	-3	1	2	-4
NET PROFIT	-18	8	-6	-13	-39

Sales per region, (SEK m)

	Jan-Mar 2001	Jan-Mar 2000	2000	1999
Nordic	110	130	575	553
Other Europe	135	178	666	475
Outside Europe	33	38	213	155
Total	279	347	1454	1183