Press Release from Esselte AB
2002-01-24

Preliminary Report on 2001 Operations

Stable operating income and strong improvement in cash flow, despite market slowdown

- Operating income excluding items affecting comparability SEK 442 million (455).
- Weakened sales compensated by increased gross margin 28.3% (27.5%) by more balanced pricing and supply chain improvements
- Cash flow from operations improved to SEK 1,141 million (744) for the full year, making it possible to reduce debt.
- Inventories reduced by approx. SEK 600 million. The program continues.
- Restructuring costs of SEK 196 million related to computer accessories (Curtis) charged in quarter two
- Gain on sale of Tarifold of SEK 94 million realised in quarter four

"We are continuing our journey towards capturing our financial potential, managing both the opportunities and the risks. Esselte continues to gain operational strength, manifesting itself in a very strong cash flow for 2001, " comments Anders Igel, President and CEO.

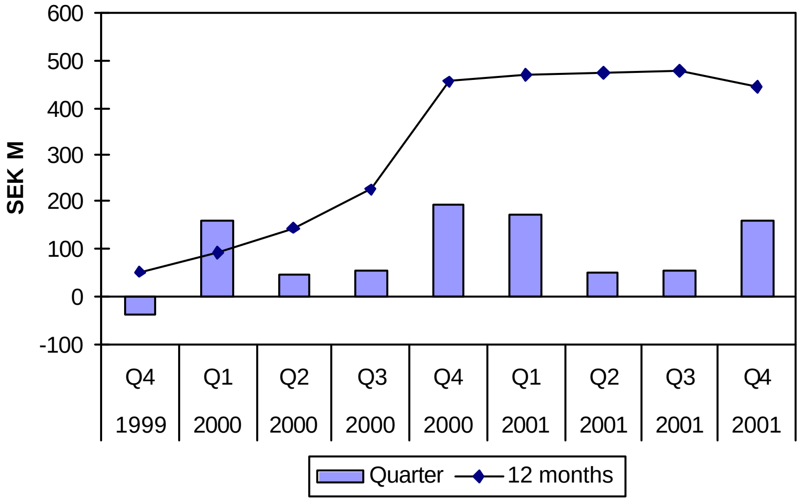
"Our focus for 2002 is improvement of our margins in Europe and further enhancement of the US and DYMO business. We are using the US operations as a benchmark for Europe and thereby utilizing our experiences from the successful improvements in the US. We will continue to streamline our supply chain in Europe by efficiency improvements and a further concentration to fewer plants. "

Esselte AB (publ)
Reg. No.
556011 – 4554

Mail:
Box 1371
S-171 27 Solna
Sweden

Phone and e-mail:
+46 (0) 8 545 219 00
www.esselte.com

OPERATING INCOME DEVELOPMENT
(Excluding items affecting comparability)



Esselte AB (publ)
Reg. No.
556011 – 4554

Mail:
Box 1371
S-171 27 Solna
Sweden

Phone and e-mail:
+46 (0) 8 545 219 00
www.esselte.com

Results for the fourth quarter

As a direct result of the working capital reduction program initiated in the latter part of 2000, inventories have further decreased in the fourth quarter of 2001 to SEK 1,510 million compared to SEK 1,825 million in September 2001, a decline of 17.3%. Also, net financial liabilities have been reduced by 13.2% to SEK 2,723 million from SEK 3,136 million in September 2001.

Sales for the fourth quarter were SEK 2,850 (2,964), a decrease of 3.8% and is primarily a consequence of the globally weak economic environment. Change in sales for comparable exchange rates and units was -9.6% compared to the fourth quarter last year. The main reason for the large difference between these two percentage figures is the general weakening of the Swedish krona.

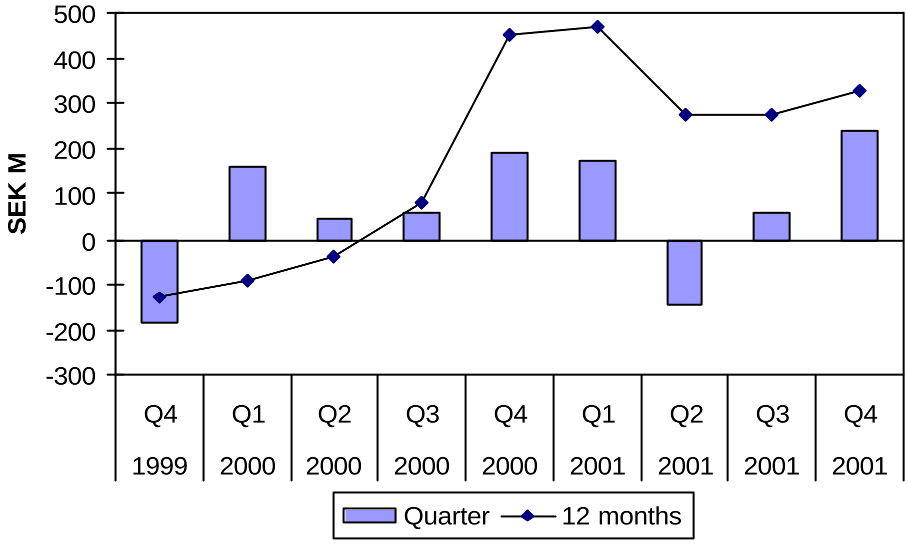
DYMO, with sales of SEK 421 million (399), and Filing & Document Management, with sales of SEK 1,779 million (1,764) were the best performing product categories. Sales in the Workspace, Development categories and Other products categories were down compared to the same period in 2000.

The gross margin was 28.0% (27.6%) in the fourth quarter.

Operating income, excluding items affecting comparability, for the quarter was SEK 160 million (194). The quarterly operating income includes a gain from the sale of a warehouse in Sweden and an office in Denmark totalling SEK 40 million. The main reasons for the underlying operating income deterioration, comparing Q4 2001 to Q4 2000, are lower sales and exceptionally low operating costs in Q4 2000.

Operating income, including items affecting comparability, for the fourth quarter was SEK 238 million compared to SEK 190 million the same period last year. Items affecting comparability in the fourth quarter include a gain of selling the Tarifold business of SEK 94 million and a SEK 16 million charge in connection with the earlier announced European supply chain restructuring.

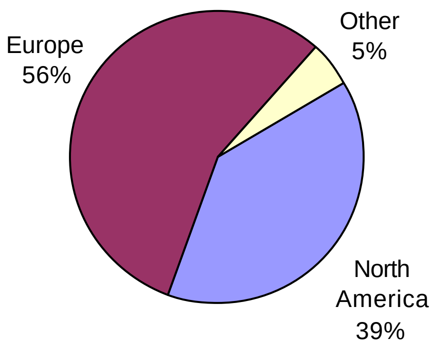
OPERATING INCOME DEVELOPMENT
(Including items affecting comparability)



Results for the full year

Weakened demand in most markets

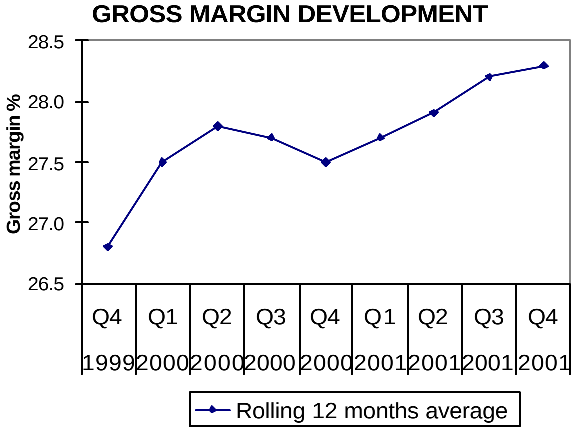
SALES BY GEOGRAPHIC AREA



Sales for the full year 2001 were SEK 10,853 million (11,095), a decrease of 2.2% mainly because of the weak global markets in 2001. Sales in the UK were particularly hit.

The impact of divested units was a decrease of 1.9% on sales. Change in sales for comparable exchange rates and units was -9.4% compared to the full year 2000.

GROSS MARGIN DEVELOPMENT



The gross margin was 28.3% (27.5%). The improvement is due to more balanced prices, reduced production costs and an improved product mix.

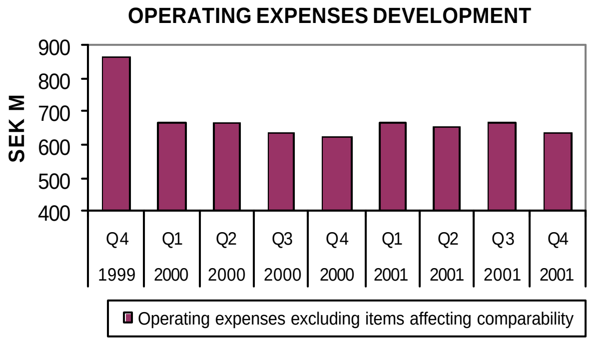
Esselte AB (publ)
Reg. No.
556011 – 4554

Mail:
Box 1371
S-171 27 Solna
Sweden

Phone and e-mail:
+46 (0) 8 545 219 00
www.esselte.com

Operating Income excluding items affecting comparability

Operating income has held up well, particularly in the light of the worsening trading climate during 2001. Operating income excluding items affecting comparability decreased by 2.9% to SEK 442 million (455) in 2001 compared to 2000. The main reason for the decrease in operating income is lower sales, adjusted for currency effects, not fully compensated by operating expense reductions. Included in the operating income number is a gain of SEK 40 million being the sale of a warehouse in Sweden and an office in Denmark. The total operating income number, excluding items affecting comparability, also includes trading losses of approx. SEK 100 million being businesses which either have been divested or restructured during 2001.



Operating expenses has increased slightly from SEK 2,596 million to SEK 2,625 million. However, there is a decrease measured in constant exchange rates. Esselte is continuing its operating expenses reduction efforts throughout the Group.

Items affecting comparability

A restructuring charge of SEK –196 million was taken in the second quarter related to the Curtis business. The rapid deterioration in the market for Curtis products led Esselte to conclude that the business had to be integrated with Esselte Americas main business. This integration is now fully completed and the scope of the Curtis business has been reduced.

In December 2001 Esselte divested its Tarifold business. The divestment of Tarifold gave Esselte a capital gain of SEK 94 million. The turnover for the Tarifold business was SEK 101 million in 2001.

A charge of SEK 16 million was taken in the fourth quarter relating to the earlier announced European supply chain restructuring. This programme, initiated in the beginning of 2000, is going according to plan and will be finalised during 2002. As earlier communicated, the remaining cost of this program, to be taken during 2002, will be approx. SEK 100 million.

Esselte AB (publ)
Reg. No.
556011 – 4554

Mail:
Box 1371
S-171 27 Solna
Sweden

Phone and e-mail:
+46 (0) 8 545 219 00
www.esselte.com

Operating Income including items affecting comparability

Operating income including items affecting comparability was SEK 324 million (451), affected by the restructuring charge of SEK –196 million that was taken in relation to Curtis in mid 2001 and mitigated by the Tarifold gain as described above.

Income before and after tax

Income before tax for the full year 2001 was SEK 84 million (274). The net financial expense was SEK –240 million (-177). There are two principal explanations for the higher financial expense.

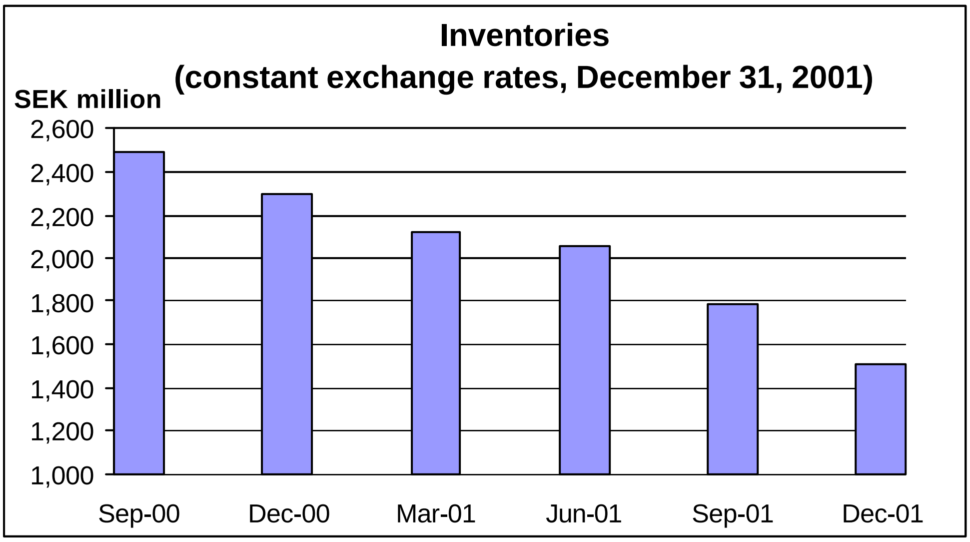
Esselte had a non-recurring hedge gain of SEK 45 million in year 2000. Furthermore, the Group had, during the first quarter of the year, a foreign exchange loss of a one-off nature in the Turkish subsidiary. The Turkish lira was devalued by 40 %.

Net financial expenses in the fourth quarter 2001 were SEK 43 million compared to SEK 69 million last year. This reflects reduced debt and lower interest rates.

Income after tax was SEK 50 million compared with SEK 164 million in the previous year.

Successful working capital reduction program

In September 2000, Esselte started a working capital reduction program primarily focusing on inventory. Since the vast majority of inventory is denominated in Euro and US dollars, and bearing in mind the weakening of the Swedish krona, the results of this program are not as visible as they otherwise would have been. The reduction shown in the balance sheet since this program started is SEK 755 million. Measured in constant exchange rates, inventory has been reduced by SEK 979 million over this 15-month period. The program continues, albeit at a slower pace.



The balance sheet reduction of inventory from December 2000 to December 2001 is SEK 598 million.

Strong operating cash flow

Cash flow from operations increased by 53.4% to SEK 1,141 million (744) in 2001. This substantial increase is mainly generated by the successful inventory reduction program and sale of assets like Tarifold and Letraset. During the year, Esselte's objective has been to decrease bank borrowings. Long and short-term debt has been reduced from SEK 3,288 million to SEK 2,773 million reflecting the strong cash flow and more efficient treasury operations.

All Esselte debt is in foreign currencies (primarily USD and Euros). For the same reasons as mentioned in the inventory section, the real debt reduction is larger than visible in the balance sheet due to negative exchange differences as a result of the weakening krona during the year.

The strong focus on strengthening the balance sheet has led to an equity-to - assets ratio of 29.9% compared to 28.5% on December 31, 2000.

Continued strong result in the Americas despite adverse market conditions

Sales in the US were down in 2001. However, operating income for the US is close to flat compared to last year. This is due to an improved sales mix, expense control and continuing cost improvements in the American supply chain.

The Canadian subsidiary continues its profit improvement path having two years ago been an under performing area. The Australian operation has significantly improved its results despite a weak market. Esselte's Mexican operation continues to deliver healthy profits.

Continued improvements in Europe

In northern Europe sales did not develop as strongly as expected, in the latter part of the year, as they were affected by the general economic slowdown. In spite of this, operating income rose in most countries because of a high focus on costs and an improved gross margin. An exception to this was Sweden where results were negatively impacted by the weakening of the Swedish krona. Profitability in the Eastern European markets has continued to improve despite a weak Polish market.

In central Europe, the negative trend in the European economy has affected Esselte's business in Germany, the Netherlands and Belgium. However, in Germany, operating income increased in spite of weaker sales due to earlier initiated cost saving measures. These German cost saving programmes also continue into 2002.

In the southern European subsidiaries, sales fell or were flat compared to last year because of a decrease in demand attributed to the overall sluggishness of the economy. Despite this market trend, operating income increased in Spain and France, while Italy and Turkey showed lower results.

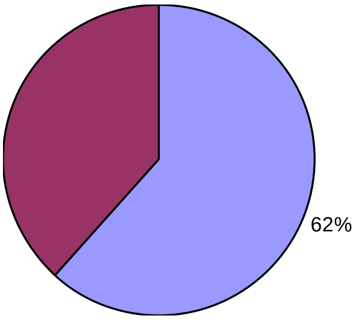
UK sales were down due to Esselte exiting a large part of the private label market and a soft UK market. Operating income in the UK subsidiary has improved substantially but it is still in a loss-making situation.

During 2001, Esselte made a large expansion of the Polish plant and closed one plant in the UK. Also, two plants in France were merged into one plant, creating synergy effects and efficiency improvements for the company.

During the year Esselte also divested Letraset, which was a non-core business with declining sales. The divestment of Letraset had no effect on the result of Esselte.

PRODUCT CATEGORIES

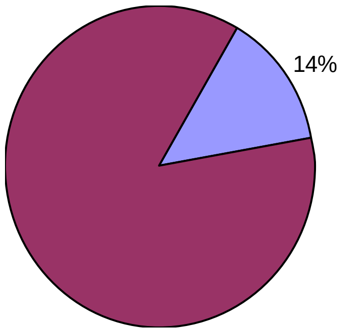
Filing & Document Management



Sales were SEK 6,697 million (6,523) for the full year 2001.

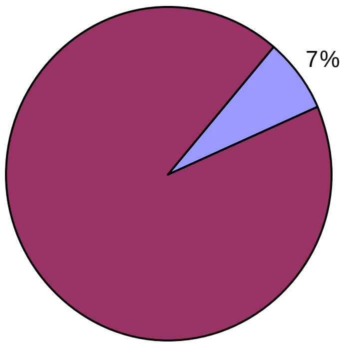
European sales held up well despite tightening markets and intensified competitive pressure. Sales grew in the Eastern Europe region, in Italy, Spain, Sweden, Denmark, Belgium, Netherlands, and Austria. There was a sales decline in the UK partly due to Esselte exiting low-margin contracts. Sales in North America were impacted by the slowing economy and market uncertainty.

DYMO



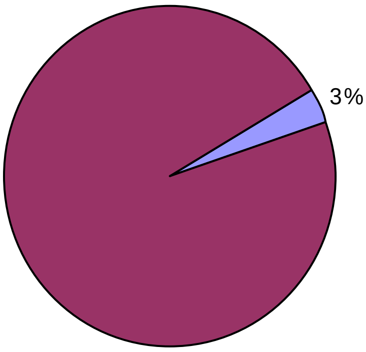
Sales of DYMO branded products were SEK 1,507 million (1,372). Sales of both electronic Labelmakers and Labelwriters increased in 2001. During the final quarter of 2001 there was a very successful Labelwriter advertising campaign in the Netherlands that boosted sales and brand recognition there.

Workspace



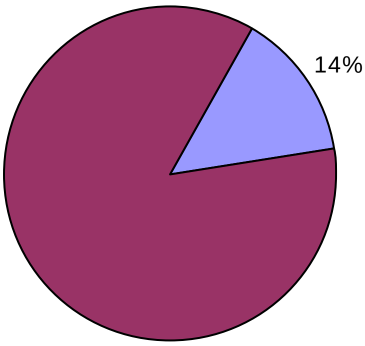
Workspace includes products such as staplers, perforators and moulded plastics. Sales were SEK 783 million (800). Sales decreased in Central, Southern Europe and UK, affected by the general economic slowdown, but increased in Northern and Eastern Europe.

Development Categories



The two development categories are Binding & Lamination and Curtis computer accessories. Sales were SEK 374 million (479). As mentioned earlier in this report, sales of Curtis products fell sharply during 2001 due to rapidly deteriorating market conditions. Sales of Binding & Lamination products were flat compared to 2000.

Other Products



Other products mainly include traded articles and Bensons. Letraset and Tarifold were divested. Sales were reduced to SEK 1,492 million (1,921) of which SEK 238 million relates to divestments. The exit from non-core agency contracts in the US also reduced sales.

Esselte AB (publ)
Reg. No.
556011 – 4554

Mail:
Box 1371
S-171 27 Solna
Sweden

Phone and e-mail:
+46 (0) 8 545 219 00
www.esselte.com

Other

Esselte follows the recommendations issued by the Swedish Accounting Standards Council. There have been no changes in the accounting principles applied compared to last year. However, the format of the income statement has been changed to reflect both operating income including and excluding items affecting comparability.

This report has not been reviewed by the auditors.

Solna 24 January, 2002

Anders Igel
President and CEO

Esselte is the leading global office supplies manufacturer with annual sales of approx. SEK 11 billion, subsidiaries in 26 countries, selling office products in over 120 countries and employing approx. 6,500 people.

Esselte brings innovation, efficiency and style to the way people work in the office and at home. Our principal brands are: DYMO, Pendaflex, Leitz and Esselte.

Esselte AB is listed on the Stockholm and London stock exchanges. To learn more about Esselte, visit our website at www.esselte.com.

For further information please contact:

- Anders Igel, CEO +46 (0) 70 519 13 78
- Ulrik Svensson, CFO +44 (0) 7770 746 344
- Thomas Groth, IR +44 (0) 7881 628 851

Esselte AB (publ)
Reg. No.
556011 – 4554

Mail:
Box 1371
S-171 27 Solna
Sweden

Phone and e-mail:
+46 (0) 8 545 219 00
www.esselte.com

PRELIMINARY REPORT 2001

Consolidated Income Statement				
	October - December		**Full year**	
SEK millions	**2001**	**2000**	**2001**	**2000**
Sales	**2,850**	2,964	**10,853**	11,095
Cost of goods sold	**-2,053**	-2,146	**-7,786**	-8,044
GROSS PROFIT	**797**	818	**3,067**	3,051
Selling expenses	**-415**	-393	**-1,678**	-1,651
Administrative expenses	**-182**	-199	**-710**	-775
Goodwill amortization 1)	**-25**	-24	**-99**	-94
Other operating expenses	**-15**	-8	**-138**	-76
OPERATING INC EXCL ITEMS AFFECTING COMPARABILITY	**160**	194	**442**	455
Items affecting comparability	**78**	-4	**-118**	-4
OPERATING INC INCL ITEMS AFFECTING COMPARABILITY	**238**	190	**324**	451
Financial income and expense	**-43**	-69	**-240**	-177
INCOME BEFORE TAX	**195**	121	**84**	274
Tax	**-78**	-49	**-34**	-110
INCOME AFTER TAX	**117**	72	**50**	164
Income per share excl items aff'g comp - SEK	**1.00**	2.20	**2.50**	4.70
Income per share incl items aff'g comp - SEK	**3.40**	2.10	**1.50**	4.80
Number of shares	**34,239,628**	34,239,628	**34,239,628**	34,239,628
Cost depreciation	**117**	128	**528**	473

Consolidated Balance Sheet					
	2001				**2000**
SEK millions	**31 Dec**	**30 Sep**	**30 June**	**31 March**	**31Dec**
Financial assets	**550**	610	806	827	841
Intangible assets	**1,298**	1,378	1,348	1,409	1,366
Property	**1,104**	1,170	1,110	1,055	988
Machinery and equipment	**974**	1,043	1,034	1,071	1,053
Inventories	**1,510**	1,825	2,056	2,066	2,108
Current receivables	**2,432**	2,267	2,298	2,375	2,410
Other operating assets	**453**	397	347	336	328
ASSETS	**8,321**	8,690	8,999	9,139	9,094
Shareholders' equity	**2,485**	2,384	2,321	2,568	2,588
Financial provisions	**500**	525	490	483	457
Long and short term debt	**2,773**	3,221	3,676	3,571	3,288
Operating provisions	**227**	311	301	249	303
Operating liabilities	**2,336**	2,249	2,211	2,268	2,458
SHAREHOLDERS' EQUITY AND LIABILITIES	**8,321**	8,690	8,999	9,139	9,094
Capital structure					
Capital employed	**5,208**	5,520	5,681	5,795	5,492
Net financial liabilities	**2,723**	3,136	3,360	3,227	2,904
Shareholders' equity per share - SEK	**72.60**	69.60	67.80	75.00	75.60
Equity-to-assets ratio - %	**29.9**	27.4	25.8	28.1	28.5
Change in equity					
Shareholders' equity 1 January	**2,588**	2,588	2,588	2,588	2,597
Dividend	**-68**	-68	-68	0	-68
Exchange difference	**-85**	-69	-126	-73	-84
Reserve for workers compensation	**0**	0	0	0	-21
Income after tax	**50**	-67	-73	53	164
EQUITY CARRIED FORWARD	**2,485**	2,384	2,321	2,568	2,588

Number of employees					
Number of employees - end of period	**6,462**	6,546	6,519	6,975	6,398

1) Excludes depreciation on fair market valuation of property, plant and equipment related to the acquisition of Leitz in 1998. These depreciations are included in cost of goods sold at a value of SEK 64 m (60) for the period Jan to Dec 2001.

PRELIMINARY REPORT 2001

Consolidated Statement of Cash Flow	October - December		Full year	Full Year
SEK millions	2001	2000	2001	2000
Operating income before depreciation	**355**	318	**852**	924
Change in working capital	**52**	150	**477**	-80
Net investments	**-13**	-93	**-237**	-196
Acquired/divested capital employed	**21**	78	**49**	96
CASH FLOW FROM OPERATIONS	**415**	453	**1,141**	744
Cash flow from financial items	**-116**	-158	**-347**	-327
CASH FLOW BEFORE DIVIDENDS	**299**	295	**794**	417
Dividends	**0**	0	**-68**	-68
CASH FLOW AFTER DIVIDENDS	**299**	295	**726**	349
Exchange differences	**114**	-69	**-545**	-339
CHANGE IN NET FINANCIAL LIABILITIES	**413**	226	**181**	10

Key Figures	October - December		Full year	Full Year
	2001	2000	2001	2000
Key figures excl items affecting comp				
Gross profit margin	**28.0%**	27.6%	**28.3%**	27.5%
Operating expenses / sales	**22.4%**	21.1%	**24.2%**	23.4%
Operating margin	**5.6%**	6.5%	**4.1%**	4.1%
Key figures incl items affecting comp				
Gross profit margin	**28.0%**	27.6%	**28.3%**	27.5%
Operating expenses / sales	**19.6%**	21.2%	**25.3%**	23.4%
Operating margin	**8.4%**	6.4%	**3.0%**	4.1%
Turnover capital employed			**1.9**	2.0
Return on capital employed			**5.8%**	8.2%
Return on shareholders' equity			**2.1%**	6.3%

Net sales by Product Category	October - December		Full year	Full Year
SEK millions	2001	2000	2001	2000
Filing & Document Management	**1,779**	1,764	**6,697**	6,523
DYMO	**421**	399	**1,507**	1,372
Workspace	**197**	203	**783**	800
Development categories	**94**	126	**374**	479
Other products	**359**	472	**1,492**	1,921
NET SALES BY PRODUCT CATEGORY	**2,850**	2,964	**10,853**	11,095

Share net sales by country	Full year 2001 (%)
USA	**35**
Germany	**18**
France	**5**
UK	**4**
Canada	**4**
Italy	**4**
Netherlands	**4**
Sweden	**3**
Denmark	**3**
Spain	**3**
Other countries	**17**
TOTAL	**100**