



# Interim Report

January – March 2010

Press release, May 5, 2010

## Continued strong sales growth for Care Electronics

### Highlights in the first quarter of 2010:

- Net sales in the first quarter rose to SEK 104.1 m (94.7), an increase of 9.9 percent.
- Operating profit (EBIT) amounted to SEK 4.5 m (4.0), while pre-tax profit increased to SEK 5.1 m (0.1).
- Earnings per share after tax were SEK 0.26 (0.01).
- Cash flow from current activities amounted to negative SEK 3.9 m (positive 8.0).
- Order intake amounted to SEK 121.2 m (99.4), an increase of 21.9 percent.
- New partnership agreements signed with Spanish and Irish Mobile 20:20 and French Bouygues Telecom. After the end of the fiscal period, in April, a partnership with leading Latin American based operator Claro to sell Doro's mobile phones in Chile was initiated.

DORO GROUP (SEK m)	2010	2009	Rolling	2009
	Jan-Mar	Jan-Mar	12 months	Full-year
Income/Net sales	104.1	94.7	502.0	492.6
Operating profit/loss after depreciation and write-downs, EBIT	4.5	4.0	27.1	26.6
Operating margin, EBIT %	4.3	4.2	5.5	5.4
Profit/loss after financial items	5.1	0.1	29.9	24.9
<b>Profit/loss for the period</b>	<b>5.0</b>	<b>0.1</b>	<b>27.7</b>	<b>22.8</b>
Average number of shares, thousands	19,108	17,408	18,116	17,573
Earnings per share before tax, SEK	0.27	0.01	1.65	1.42
Earnings per share after tax, SEK	0.26	0.01	1.53	1.30



### **Comments by the CEO, Jérôme Arnaud:**

“Doro is a growth company and we remain highly focused on implementing our strategy. Care Electronics’ sales continued to increase strongly in the first quarter of the year. This growth was mainly generated in Europe, while new markets and partners are developing at a good pace.

I am very pleased by us attracting new partners, Mobile 20:20 of Spain and Ireland, and Bouygues Telecom of France, which now offer our mobile phones to their senior customers.

Among our new markets, we have now further begun to distribute our products in Latin America through our partnership with Claro in Chile. In April, Claro began selling two of our most popular phones. The sell-through in the US market is developing according to plan and sales have started with our partner Consumer Cellular, on the back of launch-related shipments from the end of 2009.

The Care Electronics business unit accounted for 70 percent of sales for the quarter. Order bookings rose for Care Electronics products, increasing by 60 percent compared with the first quarter of 2009.

Doro’s product range is strong and our GSM phones have been particularly successful. In recent months our best-selling model, the Doro PhoneEasy® 410gsm, gained further recognition in consumer tests published in Swedish daily Dagens Nyheter and that were carried out by demanding testing institute Stiftung Warentest of Germany. Product has also been awarded by the global design competition Red Dot Design jury.

The recognition evidenced by these tests and the trust shown in us by key operators, in our home markets and further afield, shows that we are continuing to establish Doro as the category leader for telecom products within Care Electronics. We will continue to invest in maintaining and advancing this position.

For the fifth consecutive quarter, we are able to report an improved operating margin compared with the year-earlier period. Both business units reported a profit for the first quarter of the year. This is somewhat better than we had forecasted.

Home Electronics now focuses on a smaller range of products that work well alongside Doro’s Care products. These are marketed through a carefully limited selection of distributors. As our organizational costs for this business unit are reduced for 2010, the unit now shows a profit.

Finally, I am happy to report that Doro has consolidated its strong financial position and remains solidly net debt free.”

### **Net sales**

Doro’s sales amounted to SEK 104.1 m (94.7) for the first quarter, an increase of 9.9 percent. Using the same exchange rates as for the previous year, organic growth would amount to 18.3 percent.

### **Operating result (EBIT)**

The Group’s first quarter 2010 profit before tax and financial items amounted to SEK 4.5 m (4.0). This improvement was attributable to increased sales in Care Electronics as a result of earlier investments in products and marketing.

### **Cash flow, investments and financial position**

The cash flow from current activities in the first quarter amounted to a negative SEK 3.9 m (positive 8.0). This follows a seasonal trend and an expanding and profitable business.

In order to comply with IFRS, the current hedge contracts have been valued among net financial items, affecting the result for the period positively by SEK 1.2 m.

At end of March, 2010, Doro was net debt free, with a net cash of SEK 24.2 m, to be compared with a net debt of SEK 23.5 m for the same quarter the previous year, 2009. In addition, the company has unused credit facilities of SEK 42 m.

The equity/asset ratio has further improved to 34.0 percent (18.2) at the end of the period.

#### **Business units**

##### *Care Electronics*

Care Electronics supplies telecom and electronic products adapted to the needs of senior citizens.

Sales in the first quarter increased to SEK 72.7 m (43.4), an increase of 67.5 percent. Care Electronics represented 69.8 percent of Doro's total in the period.

##### *Home Electronics*

Home Electronics offers domestic telephones and other products for the modern family.

Sales during the quarter amounted to SEK 31.4 m (51.3), a decrease of 38.8 percent, due to lower demand combined with discontinued sales with some customers in France and the UK.

#### **Regions**

Effective from January 1, 2010, Doro has reorganized the markets into Nordic, EMEA (Europe, Middle East and Africa), UK, US & Canada, CALA (Central and Latin America) and AP (Asia Pacific).

Of the Group's total sales, Nordic represented 34 percent, EMEA 56 percent, UK 7 percent, and the other markets 3 percent.

#### **Personnel**

At the end of the quarter, the headcount was 59 (59). Of these, 26 (28) are based in Sweden, 18 (17) in France, 5 (6) in the United Kingdom, 4 (4) in Norway and 6 (4) in Hong Kong.

#### **Parent Company**

The Parent Company's net sales for the year's first quarter amounted to SEK 104.1 m (45.2). The profit before tax amounted to SEK 18.5 m (1.9).

#### **Events after the close of the period**

In mid-April Doro's Easy-to-use mobile phones were launched in Latin America in cooperation with the continent's leading operator Claro. The initial market is Chile, with 16.6 million inhabitants, of whom 1.5 million are over 65 years. Claro is part of the Mexican América Móvil Group, the world's fourth largest mobile operator with more than 201 million customers in 18 countries in the Americas.

#### **Doro share**

Doro is listed on the Nasdaq OMX Stockholm, Nordic list, Small Cap – Telecom/IT.

#### **Outlook – updated**

Doro's first quarter revenues and order intake are in line with the company's plans, confirming the previous forecast of continued growth in sales and operating profit (EBIT).

*Previous outlook: Based on new products to be launched and the evolution of already announced and partnerships to come, the growth in sales and operating profit (EBIT) is expected to continue. The operating profit in the first quarter may be lower than previous year due to further market investments, which is in line with the growth strategy.*

### **Risks**

Risks and instability factors are mainly related to supplier disruption, product adaptation and certification, customer relations, exchange rate fluctuations and loan financing. Apart from these risks and the instability factors described on pages 25–26 and 43–45 of the 2009 Annual Report, no other risks of any significance have been identified during the most recent period.

### **Accounting principles**

This interim report has been prepared on behalf of the Group according to IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting of legal entities. The accounting principles and calculation methods applied are consistent with those that were applied when drawing up the previous year's accounts.

### **Financial calendar**

The Board has set the following dates for the publication of Doro's interim reports:

January – June 2010:	August 19, 2010
January – September 2010:	November 9, 2010
Year-end report 2010:	February, 2011

### **Interim Reports**

The interim reports are available at [www.doro.com](http://www.doro.com) under "Investor's room".

### **For further information, please contact:**

President & CEO Jérôme Arnaud, +46 (0)46 280 50 05  
CFO, Annette Borén, +46 70 630 00 09

### **Doro's Interim Report to be presented today via audiocast**

Analysts, investors and the media are welcome to attend a presentation that will be given in a conference call and via the Internet. The presentation will start at 09.00 a.m. CET today, on May 5, 2010. The audiocast can be accessed via the telephone and the Internet, [www.doro.com](http://www.doro.com) and [www.financialhearings.com](http://www.financialhearings.com).

Doro's President and CEO Jérôme Arnaud and CFO Annette Borén will participate.

Approximately 1 hour before the start of the presentation, the presentation materials will be available at the company's website.

Please call about five minutes before the advertised starting time to access the telephone conference. Call: +44 (0)20 7162 0025, or in Sweden +46 (0)8 5052 0110. Code: 864874 or "Doro".

This Interim Report has not been subjected to a review by the company's auditors.

Lund, May 5, 2010

The Board

Doro AB (publ) | Company registration number 556161-9429

Doro AB (publ)  
Magistratsvägen 10  
SE-226 43 Lund, Sweden  
Tel: +46 (0)46 280 50 00 | [www.doro.com](http://www.doro.com)

The Board and CEO confirm that this interim report provides a fair overview of the company's and Group's business, position and results and describes the significant risks and uncertainties faced by the Company and its subsidiaries.

---

#### **About Doro**

Doro is a Swedish company focusing on the development, marketing and sales of telecom products specially adapted to the growing worldwide population of seniors. With over 35 years of experience in telecommunications, and sales in more than 30 countries on 5 continents, Doro is the world's leading brand for easy-to-use mobile phones. Doro created the Care Electronics category and in recent years our products have received several highly distinguished international design awards. The company had sales of SEK 493 m in 2009. Doro's shares are quoted on the Nasdaq OMX Stockholm, Nordic list, Small companies. Read more about Doro at [www.doro.com](http://www.doro.com).

## Financial reports

INCOME STATEMENT (SEK m) Doro Group	2010	2009	2009
	Jan-Mar	Jan-Mar	Full-year
Income/Net sales	104.1	94.7	492.6
Operating cost	-94.9	-89.3	-454.6
Operating profit/loss before depreciation and write-downs, EBITDA	9.2	5.4	38.0
Depreciation according to plan	-4.7	-1.4	-11.4
Operating profit/loss after depreciation and write-downs, EBIT	4.5	4.0	26.6
Net financial items	0.6	-3.9	-1.7
Profit/loss after financial items	5.1	0.1	24.9
Taxes	-0.1	0.0	-2.1
<b>Profit/loss for the period</b>	<b>5.0</b>	<b>0.1</b>	<b>22.8</b>
Average number of shares, thousands	19,108	17,408	17,573
Earnings per share before tax, SEK	0.27	0.01	1.42
Earnings per share after tax, SEK	0.26	0.01	1.30

STATEMENT OF COMPREHENSIVE INCOME (SEK m) Doro Group	2010	2009	2009
	Jan-Mar	Jan-Mar	Full-year
Profit/loss for the period	5.0	0.1	22.8
Translation differences and others	-0.6	0.7	-1.1
<b>Total result</b>	<b>4.4</b>	<b>0.8</b>	<b>21.7</b>

(Related to Parent Company's shareholders)

STATEMENT OF FINANCIAL POSITION (SEK m) Doro Group	2010	2009	2009
	31 Mar	31 Mar	Dec 31
Intangible assets	17.8	15.6	18.3
Tangible assets	6.1	6.8	7.6
Financial assets	15.8	14.2	15.8
Inventories	51.7	60.7	35.6
Current receivables	90.2	62.1	114.5
Cash and Bank balances	30.1	9.8	40.4
<b>Total assets</b>	<b>211.7</b>	<b>169.2</b>	<b>232.2</b>
Shareholders' equity	72.0	30.8	67.6
Interest-bearing liabilities	5.8	33.3	8.8
Non interest-bearing liabilities	133.9	105.1	155.8
<b>Total shareholders' equity and liabilities</b>	<b>211.7</b>	<b>169.2</b>	<b>232.2</b>

STATEMENT OF CASH FLOWS (SEK m) Doro Group	2010	2009	2009
	Jan-Mar	Jan-Mar	Full-year
Operating profit/loss after depreciation and write-downs, EBIT	4.5	4.0	26.6
Depreciation according to plan	4.7	1.4	11.4
Net financial items	0.6	-3.9	-1.7
Taxes	0.0	0.0	0.0
Changes in working capital	-13.7	6.5	28.7
Cash flow from current activities	-3.9	8.0	65.0
Disposal of Group companies	0.0	0.0	0.0
Investments	-2.7	-1.4	-17.5
Cash flow from investment activities	-2.7	-1.4	-17.5
Share issue	-	-	15.9
Loans raised	-3.0	-10.1	-34.6
Cash flow from financial activities	-3.0	-10.1	-18.7
Translations difference and other	-0.9	0.7	-1.1
<b>Change in liquid funds</b>	<b>-10.3</b>	<b>-2.8</b>	<b>27.7</b>
<b>Net debt</b>	<b>-24.2</b>	<b>23.5</b>	<b>-31.6</b>

STATEMENT OF CHANGES IN EQUITY (SEK m) Doro Group	2010	2009	2009
	Jan-Mar	Jan-Mar	Full-year
Opening balance	67.6	30.0	30.0
Total result for the period	4.4	0.8	21.7
Share issue	-	-	15.9
Dividend	-	-	0.0
<b>Closing balance</b>	<b>72.0</b>	<b>30.8</b>	<b>67.6</b>

OTHER KEY FIGURES Doro Group	2010	2009	2009
	Mar 31	Mar 31	Dec 31
Equity/assets ratio, %	34.0	18.2	29.1
Average number of shares, thousands	19,108	17,408	17,573
Reported equity per share, SEK	3.77	1.77	3.85
Return on average shareholders' equity, %	7.2	0.3	46.7
Return on average capital employed, %	10.8	12.6	52.0
Share price at period's end, SEK	23.20	4.40	11.00
Market value, SEK m	443.3	76.6	193.3

SALES PER SEGMENT (SEK m) Doro Group	2010	2009	2009
	Jan-Mar	Jan-Mar	Full-year
Care Electronics	72.7	43.4	299.9
Home Electronics	31.4	51.3	192.7
<b>Total</b>	<b>104.1</b>	<b>94.7</b>	<b>492.6</b>

OPERATING PROFIT/LOSS AFTER DEPRECIATION, EBIT PER SEGMENT (SEK m) Doro Group	2010	2009	2009
	Jan-Mar	Jan-Mar	Full-year
Care Electronics	4.3	2.7	42.6
Home Electronics	0.2	1.3	-16.0
<b>Operating profit/loss after depreciation</b>	<b>4.5</b>	<b>4.0</b>	<b>26.6</b>

INCOME STATEMENT (SEK m) Parent Company	2010	2009	2009
	Jan-Mar	Jan-Mar	Full-year
Income/Net sales	104.1	45.2	246.8
Operating cost	-80.4	-40.9	-224.3
Operating profit/loss before depreciation and write-downs, EBITDA	23.7	4.3	22.5
Depreciation according to plan	-5.9	-1.7	-13.5
Operating profit/loss after depreciation and write-downs, EBIT	17.9	2.6	9.0
Net financial items	0.6	-0.7	11.1
Profit/loss after financial items	18.5	1.9	20.1
Taxes	0.0	0.0	1.6
<b>Profit/loss for the period</b>	<b>18.5</b>	<b>1.9</b>	<b>21.7</b>

SUMMARY OF BALANCE SHEET (SEK m) Parent Company	2010	2009	2009
	Mar 31	Mar 31	Dec 31
Intangible assets	24.1	25.6	26.1
Tangible assets	4.3	5.3	6.0
Financial assets	37.3	71.5	37.3
Inventories	52.2	19.7	34.9
Current receivables	84.9	29.9	88.1
Cash and Bank balances	21.4	2.1	12.2
<b>Total assets</b>	<b>224.2</b>	<b>154.2</b>	<b>204.6</b>
Shareholders' equity	85.6	31.3	67.1
Interest-bearing liabilities	56.4	33.2	33.0
Non interest-bearing liabilities	82.2	89.6	104.5
<b>Total shareholders' equity and liabilities</b>	<b>224.2</b>	<b>154.2</b>	<b>204.6</b>