



# Year-end Report

January – December 2009

Press release, February 18, 2010

## Sustained strong sales trend – up 55 percent in the fourth quarter Encouraging development in new partnerships

### Highlights in the fourth quarter of 2009:

- Net sales in the fourth quarter rose to SEK 187.6 m (121.1), an increase of 54.9 percent.
- Operating profit (EBIT) amounted to SEK 19.2 m (loss: 10.4), while pre-tax profit amounted to SEK 22.8 m (loss: 10.6).
- Earnings per share after tax were SEK 1.17 (loss: 0.69).
- Cash flow from current activities for the fourth quarter amounted to SEK 51.3 m (neg: 2.5).
- Order intake amounted to SEK 155.4 m (105.5), an increase of 47.3 percent.
- In November, Doro raised SEK 15.9 m in a directed share issue.

### Highlights in the full-year 2009:

- Net sales of SEK 492.6 m (362.5), an increase of 35.9 percent.
- Operating profit (EBIT) of SEK 26.6 m (loss: 8.2), while pre-tax profit amounted to SEK 24.9 m (loss 10.1).
- Earnings per share after tax were SEK 1.30 (loss: 0.66).
- Cash flow from current activities for the full-year amounted to SEK 65.0 m (neg: 21.4).
- The Board of Directors proposes that no dividend be distributed to the shareholders for the 2009 fiscal year.
- 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.

DORO GROUP (SEK m)	2009	2008	2009	2008
	Oct-Dec	Oct-Dec	Full-year	Full-year
Income/Net sales	187.6	121.1	492.6	362.5
Operating profit/loss after depreciation and write-downs, EBIT	19.2	-10.4	26.6	-8.2
Operating margin, EBIT %	10.2	-8.6	5.4	-2.3
Profit/loss after financial items	22.8	-10.6	24.9	-10.1
<b>Profit/loss for the period</b>	<b>21.1</b>	<b>-12.0</b>	<b>22.8</b>	<b>-11.5</b>
Average number of shares, thousands	18,069	17,408	17,573	17,408
Earnings per share before tax, SEK	1.26	-0.61	1.42	-0.58
Earnings per share after tax, SEK	1.17	-0.69	1.30	-0.66



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

“Stronger focus on the Care Electronics segment, combined with the international expansion, partly in cooperation with partners, have been the most important themes during 2009. These corner-stones will be the foundation on which we will continue to build a successful company.

In line with our strategy, 2009 was the year in which Doro® truly became the category leader of Telecom in Care Electronics with our easy-to-use mobile phones.

The Doro Group's sales rose 55 percent compared with the fourth quarter of 2008, mainly as a result of strong sales over the Christmas period. Order intake remained strong, with a growth of 47 percent compared with the equivalent period in 2008. We are still seeing healthy demand, mainly for Care Electronic's range of GSM-products, which supports our growth and profit trend. Sales in Home Electronics represented 30 percent of Doro's revenues in the fourth quarter. We are continuing our efforts to improve the profitability of this business unit, mainly by enhancing cost efficiency.

For the fourth consecutive quarter we report an improved operating margin – an important sign that we are on track for a new and sustainable level of profit. As a consequence of strong sales, cash flow for the quarter was very strong.

Doro is today a growth company. The company is also net debt free. This we have achieved by our own efforts. In addition a share issue was successfully completed in mid-November 2009. This will enabled us to continue investing in Doro's brand, product development and geographical expansion.

We have achieved growth while improving our operational efficiency. The 40-percent reduction of inventories, achieved over 2009 is one example of this. Growth was also achieved without any additional staff, which has helped established a flexible cost structure. Combined with the directed new share issue, this has more than doubled Doro's shareholders' equity, providing us a considerably strengthened financial position.

The success of our TV commercials earlier in 2009 was repeated in December. Together with well-established partners such as Orange, Carphone Warehouse, Consumer Cellular and the major Nordic operators Doro is more visible than ever and now reaches customers in more countries.

I am also pleased that Doro has become a member of the GSM Association (a global sector organization) and the European organization Mobile Alley, an European organization dedicated to encouraging innovation in the mobile telecom sector. These memberships strengthen Doro's commitment to the development of GSM technology and to solutions developed for user-friendly handsets.

In February 2010 we received confirmation of our leading position in the category Telecom in Care Electronics, when Doro was appointed one of the industrial partners in the EU's Vicon project. Doro will cooperate with renowned scientific institutions including the University of Bremen, Fraunhofer FIT, RNID and CNIB in developing specially-adapted and easy-to-use products for people with special needs.

It was in 2009 that Care Electronics achieved its breakthrough in Europe and the US. I also have great expectations for 2010.”

### **Net sales**

Doro's sales amounted to SEK 187.6 m (121.1) for the fourth quarter, an increase of 54.9 percent. For the full-year, sales increased to SEK 492.6 m (362.5), an increase of 35.9 percent. Applying the same exchange rate as for the same period previous year, the fourth quarter was not affected by currency effects.

**Operating result (EBIT)**

The Group's fourth quarter profit before tax and financial items amounted to SEK 19.2 m (loss: 10.4). This improvement was attributable to increased sales in Care Electronics as a result of earlier investments in products and marketing. For the full-year 2009 EBIT amounted to SEK 26.6 m (loss 8.2).

**Cash flow, investments and financial position**

The cash flow from current activities in the fourth quarter was positive in an amount of SEK 51.3 m (neg: 2.5). The positive result, combined with a strong focus on stock management, is the main explanation. In the fourth quarter, continued investments in products and an investment in the ERP system accounted for SEK 4.4 m.

In order to comply with IFRS, the current hedge contracts have been valued among net financial items, affecting the result positively by SEK 0.4 m for the year to date. The impact for the quarter is positive by SEK 3.2 m.

At year-end, 2009, Doro was debt free, with a net cash of SEK 31.6 m, to be compared with a net debt of SEK 30.7 m at year-end 2008. The company has unused credit facilities of SEK 48 m.

The equity/asset ratio has improved to 31.5 percent (17.6) at the end of the period.

In mid-November Doro raised SEK 15.9 m in a directed share issue. This was based on shareholder's authorization following the Annual General Meeting on March 26, 2009. The directed share issue comprised a total of 1,700,000 shares, directed to a limited group of institutional and other major investors. With this Doro raised SEK 16,150,000, before issuing costs. The share capital of the company increase as a result from the directed share issue with SEK 1,700,000 to a total of SEK 19,107,631, entailing a dilution effect for the existing shareholders with 8.9 percent post issue.

**Business units***Care Electronics*

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

Sales in the fourth quarter increased to SEK 130.7 m (52.4), an increase of 149 percent. Care Electronics represented 69.7 percent of Doro's total sales. Apart from the GSM range, the fixed line products are also progressing well with growth of 25 percent.

*Home Electronics*

Home Electronics offers domestic telephones and other products for the modern family. The business unit also provides simple telecom solutions for enterprises by means of analog and VoIP technologies.

Sales during the quarter amounted to SEK 56.9 m (68.7), a decrease of 17 percent.

**Regions**

Doro's largest markets are Continental Europe, with 48 percent of Group sales, the Nordic region (34 percent) and the UK (10 percent). Doro also operates through distributors in other selected markets (8 percent).

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).

**Personnel**

At the end of 2009, the headcount was 58 (59). Of these, 26 (28) are based in Sweden, 18 (17) in France, 4 (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 fourth quarter amounted to SEK 97.8 m (68.2). The profit before tax for the fourth quarter was SEK 6.7 m (0.8).

Net sales for the 2009 full-year amounted to SEK 246.8 m (176.2). The profit before tax for the full-year was SEK 20.1 m (loss: 14.4).

**Events after the close of the period**

To achieve a lower cost level with improved efficiency, Doro has continued to simplify the organization. Part of this focus was implemented on January 1, 2010, with a new legal set up meaning that Doro AB, the Parent Company, will be the principal in the Group. Doro AB assumed ownership of the inventories in France and the UK as of December 31, 2009, and as a consequence, Doro AB will acquire the customer registers from Doro SAS in France and Doro Ltd in UK in 2010.

**Doro share**

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

**Dividend proposal**

The Board of Directors of Doro AB proposes that the Annual General Meeting resolve to not distribute any dividend to the shareholders for the 2009 fiscal year.

**Outlook – updated**

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.

*Previous outlook: The growth is expected to continue. Combined with previously announced partnership agreements, the operating profit (EBIT) is also expected to grow significantly for 2009 and onwards.*

**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 22–23 and 40–42 of the 2008 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, with the following exceptions due to new or revised standards and interpretations adopted by the EU and which will be applied from January 2009. The change affecting the Group is the revised IAS 1 Presentation of Financial Statements. In addition, Doro's external reports on operating segments are, since last year, presented in the same way as in its internal reports. Doro is therefore in compliance with the new standard IFRS 8.

### *IAS 1 Presentation of Financial Statements*

The effect of IAS 1 Presentation of Financial Statements is that IAS 1 divides the changes in equity as a result of transactions with owners and other changes. As a consequence a "Statement of comprehensive income" has been added.

### **Annual General Meeting 2010**

The AGM will be held at the Scandic Star Hotel, Glimmervägen 5 in Lund, Sweden, on March 25, 2010 at 3:00 p.m. CET. The notice to attend the AGM will be available on [www.doro.com](http://www.doro.com).

### **Nomination Committee**

A Nomination Committee consisting of Tedde Jeansson (Originat AB), Arne Bernroth (Nordea Bank) and Bo Kastensson (Chairman of the Board of Doro AB) was elected at the Annual General Meeting held on March 26, 2009. Tedde Jeansson is the Chairman of the Nomination Committee.

### **Annual Report 2009**

The Annual Report is scheduled to be published on the Group's web site, [www.doro.com](http://www.doro.com), on March 11, 2010.

### **Financial calendar**

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

January – March 2010:	May 5, 2010
January – June 2010:	August 19, 2010
January – September 2010:	November 9, 2010

### **Interim Reports**

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

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

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### **Doro's Year-end Report to be presented today via webcast**

Analysts, investors and the media are welcome to attend a presentation that will be given via the Internet. The presentation will be sent from the GSMA Mobile World Congress in Barcelona, starting at 09.00 am CET on February 18, 2010 and will be followed by a telephone conference. The webcast can be accessed via [www.doro.com](http://www.doro.com) and <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 also be available at the company's website.

Please call about five minutes before the advertised starting time to access the telephone conference.

Call: +46 (0)8 5052 0110 from Sweden, or +44 (0)20 7162 0025  
Code: 856525 or "Doro".

This year-end report has been drawn up in accordance with the same accounting principles as the last annual report, and has not been subjected to a review by the company's auditors.

Lund, February 18, 2010

The Board

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The Board and CEO confirm that this year-end 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.

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#### 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	2009	2008	2009	2008
	Oct-Dec	Oct-Dec	Full-year	Full-year
Income/Net sales	187.6	121.1	492.6	362.5
Operating cost	-162.8	-129.5	-454.6	-366.1
Operating profit/loss before depreciation and write-downs, EBITDA	24.8	-8.4	38.0	-3.6
Depreciation according to plan	-5.6	-2.0	-11.4	-4.6
Operating profit/loss after depreciation and write-downs, EBIT	19.2	-10.4	26.6	-8.2
Net financial items	3.6	-0.2	-1.7	-1.9
Profit/loss after financial items	22.8	-10.6	24.9	-10.1
Taxes	-1.7	-1.4	-2.1	-1.4
<b>Profit/loss for the period</b>	<b>21.1</b>	<b>-12.0</b>	<b>22.8</b>	<b>-11.5</b>
Average number of shares, thousands	18,069	17,408	17,573	17,408
Earnings per share before tax, SEK	1.26	-0.61	1.42	-0.58
Earnings per share after tax, SEK	1.17	-0.69	1.30	-0.66

STATEMENT OF COMPREHENSIVE INCOME (SEK m) Doro Group	2009	2008	2009	2008
	Oct-Dec	Oct-Dec	Full-year	Full-year
Profit/loss for the period	21.1	-12.0	22.8	-11.5
Translation differences and others	0.1	1.0	-1.1	2.0
<b>Total result</b>	<b>21.2</b>	<b>-11.0</b>	<b>21.7</b>	<b>-9.5</b>

(Related to Parent Company's shareholders)

STATEMENT OF FINANCIAL POSITION (SEK m) Doro Group	2009	2008
	Dec 31	Dec 31
Intangible assets	18.3	14.2
Tangible assets	7.6	5.7
Financial assets	15.8	14.2
Inventories	35.6	58.8
Current receivables	96.8	64.6
Cash and Bank balances	40.4	12.6
<b>Total assets</b>	<b>214.5</b>	<b>170.1</b>
Shareholders' equity	67.6	30.0
Interest-bearing liabilities	8.8	43.4
Non interest-bearing liabilities	138.1	96.7
<b>Total shareholders' equity and liabilities</b>	<b>214.5</b>	<b>170.1</b>

STATEMENT OF CASH FLOWS (SEK m) Doro Group	2009	2008	2009	2008
	Oct-Dec	Oct-Dec	Full-year	Full-year
Operating profit/loss after depreciation and write-downs, EBIT	19.2	-10.4	26.6	-8.2
Depreciation according to plan	5.6	2.0	11.4	4.6
Net financial items	3.6	-0.2	-1.7	-1.9
Taxes	0.0	0.0	0.0	0.0
Changes in working capital	22.9	6.1	28.7	-15.9
Cash flow from current activities	51.3	-2.5	65.0	-21.4
Disposal of Group companies	0.0	0.0	0.0	0.0
Investments	-4.4	-3.4	-17.5	-10.2
Cash flow from investment activities	-4.4	-3.4	-17.5	-10.2
Share issue	15.9	0.0	15.9	0.0
Loans raised	-31.2	15.2	-34.6	35.3
Cash flow from financial activities	-15.3	15.2	-18.7	35.3
Translations difference and other	0.1	0.6	-1.1	0.6
<b>Change in liquid funds</b>	<b>31.7</b>	<b>9.9</b>	<b>27.7</b>	<b>4.3</b>
<b>Net debt</b>	<b>-31.6</b>	<b>30.7</b>	<b>-31.6</b>	<b>30.7</b>

STATEMENT OF CHANGES IN EQUITY (SEK m) Doro Group	2009	2008
	Full-year	Full-year
<b>Opening balance</b>	<b>30.0</b>	<b>39.5</b>
Total result	21.7	-9.5
Share issue	15.9	0.0
Dividend	0.0	0.0
<b>Closing balance</b>	<b>67.6</b>	<b>30.0</b>

OTHER KEY FIGURES Doro Group	2009	2008
	Full-year	Full-year
Equity/assets ratio, %	31.5	17.6
Average number of shares, thousands	17,573	17,408
Reported equity per share, SEK	3.85	1.73
Return on average share holders' equity, %	46.8	neg
Return on average capital employed, %	52.0	neg
Share price at period's end, SEK	11.00	5.00
Market value, SEK m	193.3	87.0



SALES PER SEGMENT (SEK m) Doro Group	2009	2008	2009	2008
	Oct-Dec	Oct-Dec	Full-year	Full-year
Care Electronics	130.7	52.4	299.9	142.7
Home Electronics	56.9	68.7	192.7	219.8
<b>Total</b>	<b>187.6</b>	<b>121.1</b>	<b>492.6</b>	<b>362.5</b>

OPERATING PROFIT/LOSS AFTER DEPRECIATION, EBIT PER SEGMENT (SEK m) Doro Group	2009	2008	2009	2008
	Oct-Dec	Oct-Dec	Full-year	Full-year
Care Electronics	27.5	6.8	42.6	17.9
Home Electronics	-8.3	-17.2	-16.0	-26.1
<b>Operating profit/loss after depreciation</b>	<b>19.2</b>	<b>-10.4</b>	<b>26.6</b>	<b>-8.2</b>

INCOME STATEMENT (SEK m) Parent Company	2009	2008	2009	2008
	Oct-Dec	Oct-Dec	Full-year	Full-year
Income/Net sales	97.8	68.2	246.8	176.2
Operating cost	-87.5	-70.3	-224.3	-185.6
Operating profit/loss before depreciation and write-downs, EBITDA	10.3	-2.1	22.5	-9.4
Depreciation according to plan	-6.4	-1.8	-13.5	-7.0
Operating profit/loss after depreciation and write-downs, EBIT	3.9	-3.9	9.0	-16.4
Net financial items	2.8	4.7	11.1	2.0
Profit/loss after financial items	6.7	0.8	20.1	-14.4
Taxes	1.6	-1.5	1.6	-1.5
<b>Profit/loss for the period</b>	<b>8.3</b>	<b>-0.7</b>	<b>21.7</b>	<b>-15.9</b>

SUMMARY OF BALANCE SHEET (SEK m) Parent Company	2009	2008
	Dec 31	Dec 31
Intangible assets	26.1	24.8
Tangible assets	6.0	3.9
Financial assets	37.3	71.4
Inventories	34.9	16.1
Current receivables	84.0	40.3
Cash and Bank balances	12.2	2.7
<b>Total assets</b>	<b>200.5</b>	<b>159.2</b>
Shareholders' equity	67.1	29.5
Interest-bearing liabilities	33.0	88.4
Non interest-bearing liabilities	100.4	41.3
<b>Total shareholders' equity and liabilities</b>	<b>200.5</b>	<b>159.2</b>