



# DORO JANUARY – MARCH 2020

Carl-Johan Zetterberg  
Boudrie, President & CEO

Linda Nilsson, CFO

Friday April 24<sup>th</sup> 2020

# AGENDA

- Key highlights
- First quarter 2020
- Concluding remarks and Q&A session



# KEY HIGHLIGHTS





# KEY HIGHLIGHTS IN THE QUARTER

**10.8%**  
Growth in Care

Continued double digit growth in business segment Care driven by increase in services

**2.6 p.p.**  
Increase in Gross Margin

Increased gross margin in the first quarter, due to favourable product mix and lower freight costs.

**Doro Eliza**

Doro's Eliza has been recognized as a product of outstanding design at the iF Design Awards 2020

**COVID-19**

The quarter has been impacted by the COVID-19 situation, we are taking necessary steps to ensure we handle the situation short and long term



# FIRST QUARTER 2020



# BUSINESS SEGMENT CARE

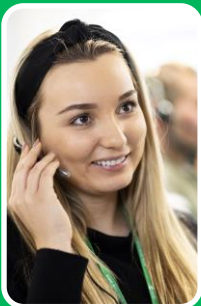
## Business highlights

- Sales of services within Business segment Care increased with 21.2 % compared with the first quarter of 2019
- Our upcoming launch Doro Eliza, an innovative care hub, wins iF Design award for outstanding design
- Signs of increased demand for our services and products due to the COVID-19 situation
- We have implemented the measures needed to ensure that we can continue to maintain a high level of service and quality in our service delivery
- Our offering today is more relevant to the seniors than ever, it highlights the importance of Doro's ongoing work to develop the digital technology of tomorrow's needs



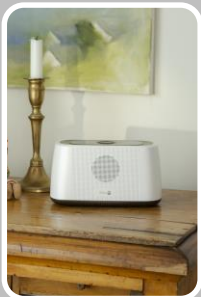
# BUSINESS SEGMENT CARE

## SALES & FINANCIALS Q1 2020



### Sales in Business Segment Care

- Sales increased 10.8 % y/y with organic growth of -0.1 % y/y
- Sales of services increased by 21.2 % y/y but sales of products decreased y/y
- Signs of increased demand for our services and products due to the COVID-19 situation

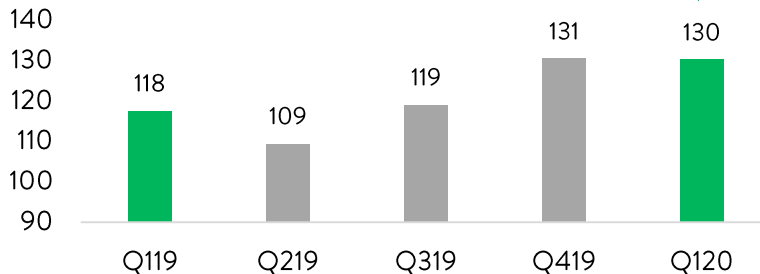


### Financials Business Segment Care

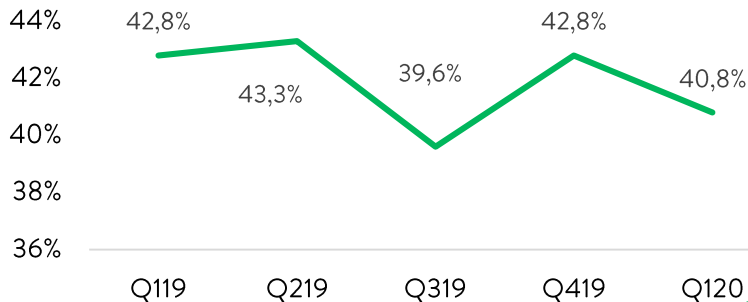
- EBIT SEK 7.2m (11.8)
- Gross margin 40.8 % (42.8)
- Operating margin 5.5 % (10.0), affected mainly by the acquisition of Centra Pulse and Connect, with delayed integration synergies.
- Number of subscriptions 316 000 (203 000)
- Investments in Product Development, SEK 5.0m (0.9)

### NET SALES

SEKm



### GROSS MARGIN



# BUSINESS SEGMENT CARE

## SALES PER MARKET Q1 2020

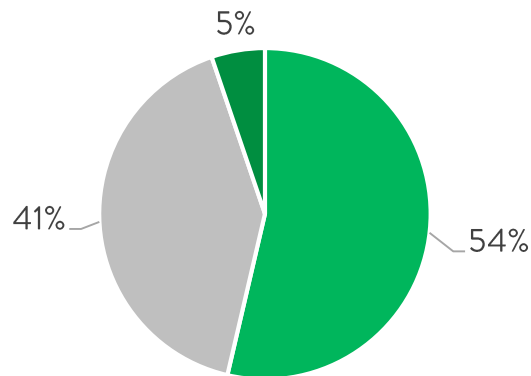
NORDICS  
**+4.6%**

- Increase in number of subscriptions, 4.6% vs previous year
- Increased sales result of higher services sales in the quarter compared to the same period last year

UK AND  
IRELAND  
**+30.4%**

- Good growth in services
- Growth driven by acquisition of Centra Pulse and Connect

Sales per region (Q120 / Growth Y/Y Q120)



- Nordics (SEK 69.9/4.6%)
- United Kingdom and Ireland (SEK 53.6m/30.4%)
- Rest of the World (SEK 6.8m/-29.9%)



# BUSINESS SEGMENT PHONES

## Business highlights

- The first quarter has been affected by COVID-19. In the beginning of the first quarter, supply chain was affected. Sales was affected by a generally weak market and order intake was negatively affected by COVID-19 at end of the quarter.
- Doro has defended its market shares in the quarter. We are working to improve profitability by adapting our cost structure with the aim of maintain our market position.
- Launched our new smartphone Doro 8050
- Doro wins the SMARTPHONE Magazine reader choice 2019 award in the “Senior Smartphone” category



# BUSINESS SEGMENT PHONES

## SALES & FINANCIALS Q1 2020



### Sales in Business Segment Phones

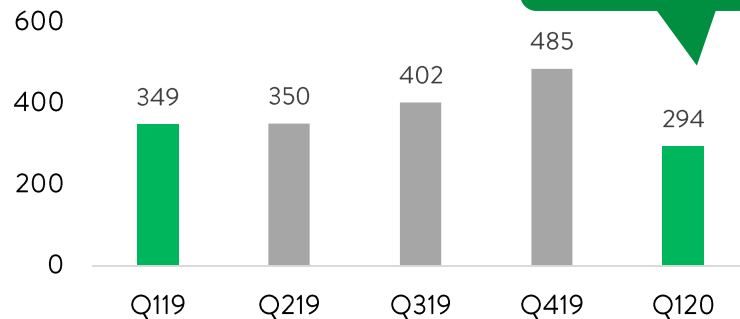
- Sales decreased -15.7 % y/y
- A negative impact in sales during the quarter mainly due to a declining market and impacts of COVID-19, as many markets in the Phones business being closed



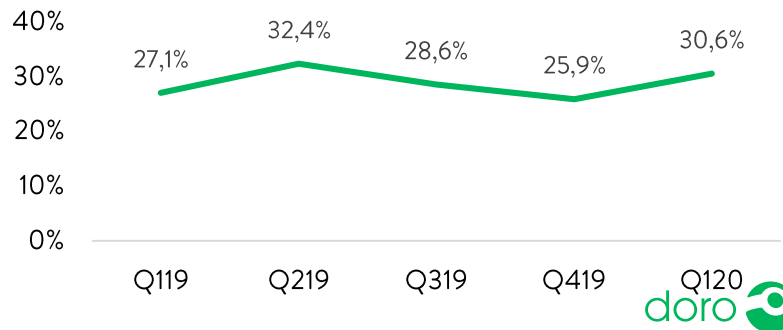
### Financials Business Segment Phones

- EBIT SEK 9.9m (12.3)
- Gross margin 30.6 % (27.1), improved due to product mix and lower freight costs due to ongoing initiatives.
- Operating margin 3.4 % (3.5), the decrease is mainly explained by higher depreciation costs linked to new products launched second half last year.
- Investment product development SEK 8.5m (12.4)

### NET SALES



### GROSS MARGIN



# BUSINESS SEGMENT PHONES

## SALES PER MARKET Q1 2020

NORDICS  
**-14.0%**

- Successful launch of the new smart phone Doro 8050
- In a declining phone market, Doro continue to defend market shares

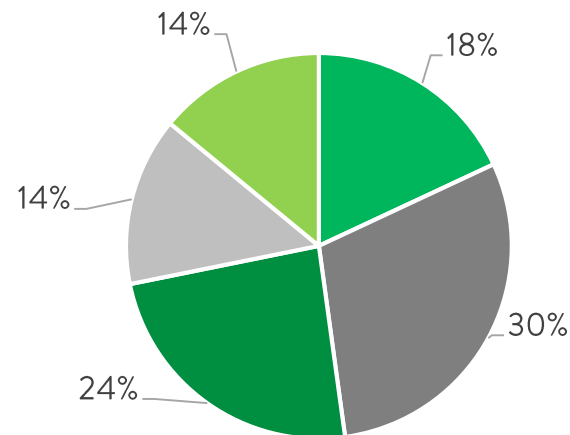
UK AND  
IRELAND  
**-16.4%**

- Sales negatively affected by product mix, and by closed markets towards the end of the quarter
- Our senior focus helps us to be less effected by general market decline

CENTRAL  
AND EASTERN  
EUROPE  
**-13.8%**

- Doro wins the SMARTPHONE Magazine reader choice 2019 award in the “Senior Smartphone” category.
- Drop in sales due to change in product mix and closed markets in the end of the quarter

Sales per Region Q120 (Q120 / Growth Y/Y Q120)



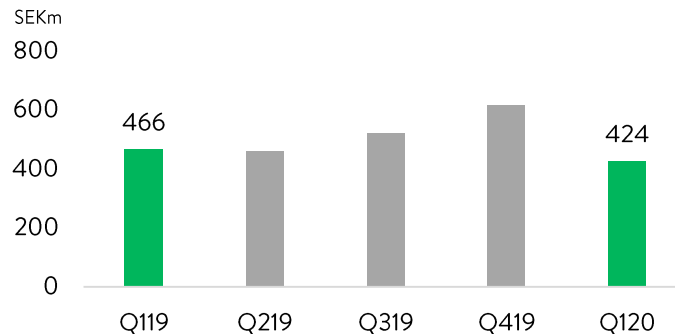
- Nordics (SEK 54.0m/-14.0% )
- West and South Europe and Africa (SEK 89.1m/-15.1%)
- Central and Eastern Europe (SEK 71.8m/-13.8%)
- United Kingdom and Ireland (SEK 42.3m/-16.4%)
- North America (SEK 42.0m/-21.2%)

# PROFITABILITY GROUP Q1 2020

## Sales

- Net sales SEK 424.2m (466.2), decreased with 9.0 % compared to the first quarter of 2019
- Actions have been taken on all aspects of the business to manage the effects of COVID-19

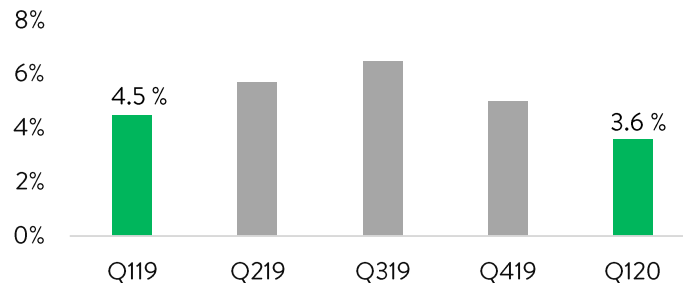
## NET SALES



## Margin

- Gross margin increased compared with the first quarter of 2019, due to product mix and lower freight cost
- Operating margin 3.6 %. Negatively impacted by higher depreciation costs linked to increased investments in product development

## OPERATING MARGIN



## Profit

- EBITDA SEK 43.7m (43.6)
- EBIT SEK 15.2m (21.2)
- Profit after tax SEK 14.5m (15.4)

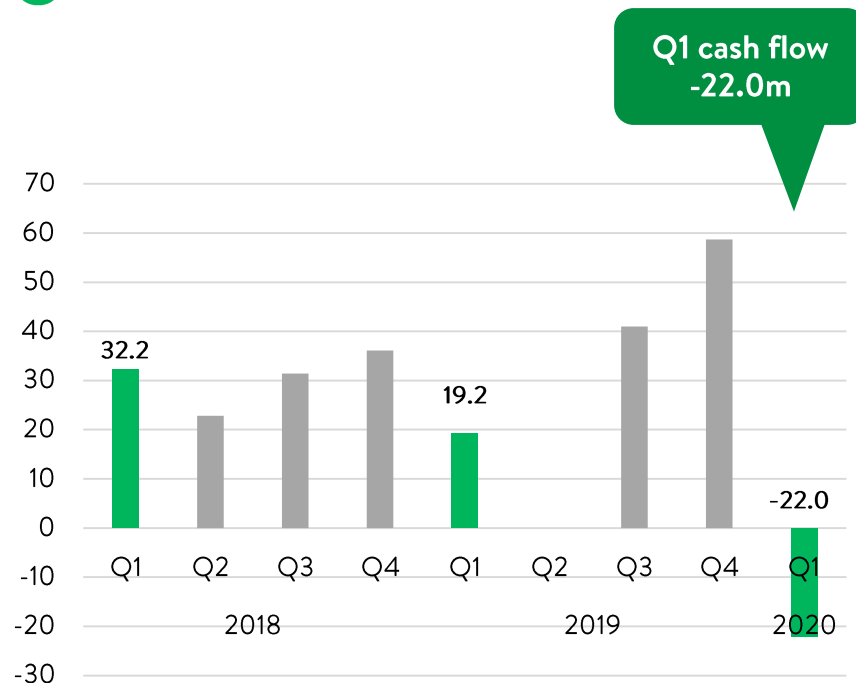
# CASH FLOW Q1 2020

## Cash flow

- Free Cash Flow before acquisitions amounted to SEK -22.0m (19.2)
- Lower cash flow y/y mainly due to a lower working capital development in the quarter, as a result of lower trade payables and higher tax payment compared to the Q1 2019

## Net debt

- Net debt increased q/q, to SEK 129.6 m from SEK 84.1m, and decreased y/y from SEK 156.7m
- Equity/assets ratio at 50.2% end of first quarter, up against Q4 2019 at 44.6% and up from 46.1% end of Q1 2019





# CONCLUDING REMARKS AND Q&A



# CONCLUDING REMARKS

## Q1 positive

- Increased sales of 10.8 % in Business Segment Care, driven by growth in services
- Gross margin increased in the first quarter, 33.7% (31.1)
- Signs of increased demand for our services and products due to the COVID-19 situation
- Launched our new smartphone Doro 8050
- Doro Eliza, our upcoming launch, has won the iF Design Award for its appealing design

## Q1 challenges

- Market challenges at end of quarter due to COVID-19 situation
- The work of extracting synergies from the acquisition, Centra Pulse and Connect, has not progressed according to plan.
- The challenging mobile phone market continues

## Priorities ahead

- Expect significant sales decline in Business Segment Phones during the second quarter
- Continue to work proactively, implementation of cost savings both short term/long term to adapt to the COVID-19 situation
- Drive growth and expansion in Business Segment Care
- Ensure synergies from Centra Pulse and Connect acquisition are realized

# Q&A

- Thank you for your attention!
- Next report: Q2 July 16, 2020
- Contact: [ir@doro.com](mailto:ir@doro.com)



# DISCLAIMER

- FORWARD-LOOKING STATEMENTS

- This presentation contains forward-looking statements with words such as “believes”, “anticipates”, “outlook”, “confident”, “meeting” and “expects” about expected revenues and earnings, anticipated demand, internal estimates and liquidity. These forward-looking statements involve a number of unknown risks, uncertainties and other factors that could cause actual results to differ materially. Unknown risks, uncertainties and other factors are discussed in the “Risk” section of the Annual Report 2019 and in the Interim Report.

- CONSOLIDATED FINANCIAL RESULTS

- Doro provides financial information adjusted for items such as currency effects and one-off cost items solely as supplemental financial information to help investors and the financial community make meaningful comparisons of Doro’s operating results from one financial period to another. These adjustments might not be in accordance with IFRS.

# THANK YOU!

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